



**Firm Brochure**  
**(Form ADV, Part 2A)**

**BOK Financial Asset Management, Inc.**  
**Client**  
**Brochure**

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This Brochure (“Brochure”) provides information about the qualifications and business practices of BOK Financial Asset Management, Inc. If you have any questions about the contents of this Brochure; please contact us at (713) 228- 6444 or via email at [questions@bokf.com](mailto:questions@bokf.com). 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 BOK Financial Asset Management, Inc., is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Note: While BOK Financial Asset Management, Inc. may refer to itself as a “registered investment adviser” or “RIA”, you should be aware that registration itself does not imply any level of skill or training.

## **Item 2. Material Changes**

### **Annual Update**

The Material Changes section of this brochure is updated to report any material changes to the previous version of Form ADV, Part 2A (the Firm Brochure). The section below provides a summary of material changes since the last update.

### **Summary of Material Changes since the Last Update**

The U. S. Securities and Exchange Commission requires that each Investment Adviser provide its new clients with a copy of its Form ADV, Part 2A. The rule requires completion of specific mandatory sections and those sections are to be organized in the order specified by the rule.

Investment advisers must update the information in their Form ADV, Part 2A, when a material change has occurred. BOK Financial Asset Management, Inc. (the “Firm”) is updating its Form ADV, Part 2A, dated November 2020 to report the following:

- Item 10, Affiliates was updated to further clarify the Firm’s affiliate relationships;
- Item 15, Custody was updated to further clarify the Firm’s custody arrangements;
- Assets under management were updated to reflect totals as of December 31, 2020.

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## **Item 4. Advisory Business**

### **Description of Advisory Firm and Principal Owners**

BOK Financial Asset Management, Inc. (the "Firm") was formed in 1966, and is a corporation organized pursuant to the laws of the State of Texas. The Firm is a wholly owned subsidiary of BOKF, which is a wholly owned subsidiary of BOK Financial Corporation. Its principal officers are Scott B. Grauer, Chairman of the Board; Kenneth Etheridge, President; Steven E. Nell, Executive Vice President and Chief Financial Officer; Mark S. Marrone, Chief Compliance Officer; Keith Hawes, SVP, Manager; and Robert L. Burnam, Managing Director.

### **Types of Advisory Services Offered**

The Firm provides investment advisory services on a discretionary and non-discretionary basis to individuals, high net worth individuals, IRA's, foundations, endowments, corporations, governmental, and not-for-profit organizations and qualified retirement plans. The Firm undertakes to provide individual portfolios with objective setting, asset allocation services, and security selection criteria. The Firm provides fiduciaries of 401(k) plans and other types of qualified retirement plans with objective setting, criteria for selecting appropriate asset classes, and assists in the specific asset selection.

In addition, asset allocation strategies for ERISA Defined Contribution Plans will be tailored to meet the requirements of the plan and to satisfy the fiduciary obligations of the trust. The Firm may provide Plan Fiduciaries with support and assistance in explaining the Plan to the Plan Participants and providing some basic information to Plan Participants regarding asset classes and asset allocation.

### **Tailored Advisory Services**

The Firm assists clients in the preparation of Investment Policy Statements. This service includes determining investment objectives, selecting asset classes, establishing asset allocation models, and establishing criteria for selecting and monitoring investment company securities including mutual funds, ETFs, separate account managers, collective trusts, and individual securities, if utilized. Each client discloses his/her range of risk tolerance and portfolios are assembled to have a risk profile that falls within the range directed by the client. Each portfolio is tailored to the risk profile of the client, time horizon, liquidity needs and suitability. A client may impose restrictions on the types of securities or funds placed in his/her portfolio.

### **Amount of Clients' Assets Managed**

The Firm provides investment advice on both a discretionary and nondiscretionary basis. As of December 31, 2019, the Firm managed \$1,260,816,671.00 total assets.

## **Item 5. Fees and Compensation**

### **Fees and Compensation for Qualified Plans**

Clients retain the Firm by entering into a written agreement for services. The contract is cancelable upon 30 day written notice by either party. Upon initiation of any investment advisory relationship, the client is obligated to pay in arrears a fee for a minimum of three months' work as compensation for the Firm's efforts in reviewing the portfolio and developing basic asset allocation strategies. If either party cancels during the first three months, either .25% of the \$2,500.00 annual minimum or the full three months of fees, calculated based upon the initial value of the account, will be due. If either party cancels the contract after the initial three months, the fee will be prorated through the date of cancellation. Fees are due the earlier of the date of termination of the contract or after each calendar quarter in arrears.

To the extent mutual funds are selected to fill components of the overall investment strategy, the annual advisory fee set forth below does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds, including Rule 12b-1 fees and expenses. The client is advised that, in addition to the annual advisory fee set forth above, mutual fund shareholders will pay a pro-rata share of each fund's advisory, administrative, distribution, and shareholder

servicing fees. Detail of possible mutual fund fees are described below. Distribution and shareholder servicing fees may be referred to as service fees, 12b-1 fees, or trail commissions (collectively “trails”). These additional fees are disclosed in each fund’s prospectus. These charges, fees and commissions are in addition to our management fee.

In general, the share classes that are eligible for Qualified Plans do not have associated sales or 12b-1 charges. However, there are some mutual funds included that do have associated 12b-1 fees due to share class availability (i.e., there are not available share classes that do not include such fees). In such instances, BOKFAM does not retain 12b-1 fees for the funds that pay them. The 12b-1 fees received by BOKFAM will be passed along as a fee credit to the Plan to offset advisory fees owed by the client or credited back to the Plan to reduce overall Plan costs.

**Possible Mutual Funds Fees:** mutual fund investment fees usually include two types: 1) shareholder fees; and, 2) annual fund operating expense fees.

Shareholder fees can include:

- Sales Loads (fees paid to a financial intermediary, which could include front-end sales loads - i.e., sales fees charged upon purchasing shares) and/or back-end sales loads (sales fees charged upon redeeming shares);
- Redemption fees (fees paid to the fund upon the sale of mutual fund shares);
- Exchange fees (fees charged for transferring to another fund within the same fund group); and,
- Account fees (account maintenance fees).

Annual fund operating expense fees include:

- Management fees (fees paid to an adviser or its affiliates for managing the fund);
- Distribution and/or service fees - e.g., 12b-1 (fees for distribution expenses and sometimes shareholder service expenses); and,
- Other expenses (miscellaneous expenses, such as custodial expenses, legal expenses, accounting expenses, transfer agent expenses, and other administrative expenses).

Clients whose assets are invested in mutual funds or ETFs could pay some or all of the above fees. Clients should review the prospectus of any fund in which their assets are invested in order to understand the fees that could be applicable to their investment.

BOKFAM will invest in the lowest cost class of mutual fund shares a client is eligible to invest in at the time of the initial investment, unless there is a mitigating factor such as:

- The investment is prohibited by regulation. (e.g., 12b-1 fees used for ERISA accounts for affiliated mutual funds);
- minimum account/transaction size, client direction, increased investment returns, breakpoint discounts, limited share classes or other cost savings concerns such as transaction fee savings, which would potentially offset the higher share class expense ratio, etc.; or,
- if BOKFAM or the Plan Sponsor believes it is in the client’s benefit to invest in a mutual fund share class that would benefit them for another reason, we can invest assets in the higher cost class of mutual fund shares.

Despite our efforts to obtain the lowest share class for you or the most economically advantageous share class, fund expenses can change at any time; therefore, we cannot guarantee that you will always be in the lowest expense share class or the most economically advantageous share class.

The advisory fee will be payable quarterly, in arrears, and will be based on the Net Asset Value of the Securities under management in the Account. The "Net Asset Value" of the Account shall mean the average of the current value of the Account at the end of the respective quarterly period computed utilizing the values of the Account at the

end of each of the previous four months.

The advisory fee for the initial quarterly period shall be prorated for the period covered by this Agreement. The term "quarter" as used herein shall mean a calendar quarter.

**Fee Schedule:**

<u>Market Value of Portfolio</u>	<u>Maximum Annual Rate</u>
Total Value	2.00%

Fees are negotiable depending upon the facts and circumstances of each client. An annual minimum fee of \$2500.00 is applied, payable in quarterly increments.

**Fees and Compensation for all other accounts**

As compensation for managing all other accounts the Client shall pay to the Firm an annualized asset-based fee (the "Advisory Fee") that is payable in accordance with the negotiated fees set forth in each client's Investment Advisory Agreement. The Advisory Fee will be payable quarterly, in arrears, and will be based on the Net Asset Value of the Securities under management in the Account. For these purposes, the "Net Asset Value" of the Account shall mean the average daily value of the Account for the respective quarterly period, computed utilizing the values of the Account at the end of each day for the three-month period being billed. The Advisory Fee for the initial quarterly period shall be prorated for the period covered by this Agreement. The term "quarter" as used herein shall mean a calendar quarter.

Upon initiation of any investment advisory relationship, the client is obligated to pay a fee for three months' work as compensation for the Firm's efforts in reviewing the portfolio and developing basic asset allocation strategies. If either party cancels the contract after the initial three months, the fee would be prorated through the date of cancellation. If cancelled during the first three months, the full three months of fees, calculated based upon the initial value of the account, will be due. Fees are due the earlier of the date of termination of the contract or after each calendar quarter in arrears. The Advisory Fee for the initial quarterly period shall be prorated for the period covered by this Agreement. The term "quarter" as used herein shall mean a calendar quarter.

**Fee Schedule:**

<u>Market Value of Portfolio</u>	<u>Maximum Annual Rate</u>
Total Value	2.00%

The Client acknowledges that the Firm may charge other clients different fees, which may be higher or lower than the fees charged with respect to the Client's Accounts for similar services.

**Fee Payment**

The Firm will only be permitted to deduct fees from accounts as specifically authorized by clients. When authorized by clients, the Firm will take payment of fees when due out of a client's account. At the Firm's discretion, a sufficient number of shares of mutual funds in the account will be redeemed at the current net asset value to pay fees when due.

**Prepayment of Fees**

The Firm does not normally require prepayment of its advisory fees, however in some limited cases the Firm will require prepayment of retirement plan termination fees.

**Other Fees: Mutual Funds, Exchange-Traded Funds, Custodian, Brokerage, Recordkeeping**

The advisory fee does not include certain costs or charges associated with securities transactions with or through

a broker/dealer including brokerage commissions and dealer mark-ups or mark-downs in principal transactions or stock exchange fees, transfer taxes or other charges mandated by law, which will be separately charged to the client's account.

The Firm provides financial planning services for its clients. Based on the specific needs of the client, financial planning may be included in the asset base fee or there may be a separate charge for this service. If financial planning is a separate charge, the client will sign a separate consulting agreement. Fees range from \$150 to \$500 an hour depending upon the nature and complexity of each client's individual circumstances. The client is billed upon completion of this service.

The Firm has a blanket plan expense reimbursement arrangement with Fidelity Institutional Advisors Group ("FIAG") and Schwab Institutional ("SI"), a division of Charles Schwab & Co. ("Schwab"), providing that where the Firm is acting as a Third Party Administrator of a qualified retirement plan or a non-qualified retirement plan Schwab or Fidelity pays to the Firm certain basis points for the average investments our clients have in certain funds. The Firm discloses this revenue sharing to all clients and rarely retains it. In most cases, the Firm will credit the client with the full amount of the plan expense reimbursement received via an offset to the client's bill. In some cases, clients may choose to pay the Firm's entire bill and have any plan expense reimbursement credited to their account. In a very few cases the Firm has negotiated that they will retain the plan expense reimbursement payments to offset administrative fees that are charged for non-advisory services.

The Firm has fiduciary obligations to Plan advisory clients and the participants in those Plans. Revenue sharing, even when rebated or credited, presents a conflict of interest with: (1) making investment decisions in light of the receipt of the 12b-1 and other fees; and (2) placing plan participant assets into a more expensive 12b-1 fee paying share class when a lower-cost share class was available for the same fund. The Firm works with the Plan Sponsor to analyze the investments selected and provide guidance on implications for both the Plan Sponsor and the Plan participants. The typical approach is to credit any fees to reduce the fees charged at the Plan level.

In general, the share classes that are eligible for the Qualified Plans do not have associated sales or 12b-1 charges. However, there are some mutual funds available that do have associated 12b-1 fees due to share class availability (i.e., there are not available share classes that do not include such fees). In such instances, BOKFAM does not retain 12b-1 fees for the funds that pay them. The 12b-1 fees received by BOKFAM will be passed along as a fee credit to the plan to offset advisory fees owed by the client or credited back to the Plan to reduce overall Plan costs.

BOKFAM receives a portion of various distribution and service fees from mutual funds held in all types of non-advisory client accounts, pursuant to Rule 12b-1 of Investment Company Act of 1940, as amended (referred to as "12b-1 fees"), in addition to related mutual fund servicing or administration compensation in connection with the sale and servicing of certain mutual funds. The amount of fees received will vary based upon agreements between BOKFAM and the mutual fund distributors. Any 12b-1 fees received from mutual funds held in advisory accounts will be credited to the client. BOKFAM does not pay any revenue sharing compensation it receives (or 12b-1 fees) from its investment product providers directly to its financial professionals.

BOKFAM may receive certain fees from its custodial platforms and other revenue sharing compensation from mutual fund providers for providing shareholder services and administrative services for mutual funds purchased under the Plan. Any and all compensation and other revenue sharing payments received by BOKFAM from these mutual funds are used to offset administrative services and recordkeeping fees billed by BOKFAM to its clients (as well as to offset fees charged by the Plan custodian or other professional service providers). Quarterly invoices sent to BOKFAM clients illustrate total fees payable to BOKFAM less revenue sharing income. To the extent revenue sharing income exceeds the fee payable, BOKFAM will, at the Plan Sponsor's discretion, set up a revenue recapture account or place the income into the applicable client's Plan.

ETF Fees Exchange-traded funds (“ETFs”) incur a separate management fee that is assessed by the ETF and not by BOKFAM. This fee is in addition to our on-going Advisory Fee and may result in higher fees to you if you choose to invest in ETFs. Individual ETFs may have higher or lower expense ratios. A full description of the ETFs and their fees and expenses are available in each fund’s prospectus.

#### **Other Compensation-Qualified and Non-Qualified Accounts**

Mutual Fund Fees. If your account is invested in a mutual fund, you will also pay a prorated share of the fund’s advisory, administrative, and distribution and shareholder servicing fees (if any). A client might incur additional sales charges if assets were allocated to a load-based fund.

#### **Cavanal Hill Fund Fees.**

In the event that you invest in the Cavanal Hill Mutual Funds (“CH Funds”), you should be aware that BOKFAM is affiliated with the CH Funds. Customers purchasing shares of CH Funds may include officers, directors, or employees of BOKFAM and its affiliates. For the provision of distribution and shareholder services, BOKFAM will receive 12b-1 and shareholder servicing fees from CH Funds. The 12b-1 fees that BOKFAM earns on advisory accounts are rebated. However, Cavanal Hill Investment Management (“CHIM”), an affiliate of BOKFAM serves as the investment adviser and administrator to the CH Funds and receives investment advisory and administrator fees for the services it provides to the CH Funds. In addition, BOKF, NA, also an affiliate of BOKFAM, serves as CH Fund’s custodial bank and also provides distribution and shareholder services to CH Funds. BOKF, NA receives custody, 12b-1 and shareholder services fees for these services. A more detailed description of the available CH Funds and other fees and expenses are available in each fund’s prospectus. A full description of the CH Funds and their fees and expenses are available in each fund’s prospectus. The prospectus for each may be viewed at <http://www.cavanalhillfunds.com>.

BOKFAM avoids affiliated mutual fund conflicts of interest by not investing in Cavanal Hill Funds for our clients or recommending the Funds to our advisory clients. Cavanal Hill Investment Management, Inc., serves as the investment adviser and administrator of the Cavanal Hill Funds and earns fees for these services. A full description of the Cavanal Hill Funds and their fees and expenses are available in each Fund’s prospectus. BOKF serves as the custodian to the Funds and earns fees for these services as set forth in each Fund’s prospectus. The prospectuses may be found on their website, [www.cavanalhill.com](http://www.cavanalhill.com).

Cavanal Hill Distributors, Inc. serves as the primary underwriter and distributor for the Cavanal Hill Funds and earns fees for these services as set forth in each Fund’s prospectus. Cavanal Hill Distributors, Inc. may use the fee for distribution assistance and to pay financial institutions and intermediaries for distribution and shareholder services. Cavanal Hill Distributors, Inc. may voluntarily waive all or a portion of its fees with respect to any Fund.

BOKF and Cavanal Hill Distributors, Inc. have also entered into agreements that entitle them to receive Shareholder Servicing Fees (SSF) and Distribution (12b-1) Fees from certain of the Funds as set forth in each Fund’s prospectus. BOKF and/or Cavanal Hill Distributors, Inc. may periodically voluntarily waive all or a portion of its fees with respect to any Fund.

The Firm does not receive distribution fees from the sale of mutual funds, including the Cavanal Hill Funds. The Firm does not accept compensation for the sale of securities or other investment products. The Firm also does not earn any asset-based sales charges or service fees derived directly from the sale of mutual funds, including the Cavanal Hill Funds.

Where BOKF serves as custodian for a client account, any 12b-1 and/or shareholder servicing fees for the mutual funds held in the account, except for shareholder servicing fees for the Cavanal Hill Funds, will be waived for Individual Retirement Accounts (“IRAs”) or accounts subject to the Employee Retirement Income Security Act (ERISA).



**Termination of Agreement for Asset Management or Advisory Services**

Clients shall have the right to terminate their advisory agreement, without penalty, at any time within five business days after the effective date of the client contract. Either party may terminate the agreement upon 30 days' written notice to the other party by certified or registered mail to the address set forth in the contract

**Item 6. Performance Based Fees and Side-by-Side Management**

The Firm does not charge any performance-based fees that are based on a share of capital gains on or capital appreciation of the assets of a client. The Firm has procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent conflicts from influencing investment selection.

**Item 7. Types of Clients****Description of Clients**

The Firm provides investment advisory services on a discretionary and non-discretionary basis to individuals, high net worth individuals, IRA's, foundations, endowments, corporations, governmental, and not-for-profit organizations and qualified retirement plans. The Firm undertakes to provide individual portfolios with objective setting, asset allocation services, and security selection criteria. The Firm also provides fiduciaries of 401(k) plans and other types of qualified retirement plans with objective setting, criteria for selecting appropriate asset classes, and assists in the specific asset selection.

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

The Firm believes in the fundamental tenets of Modern Portfolio Theory ("MPT"), active management, and diversification. Following these theories, The Firm utilizes mathematically rigorous processes to assure that our clients' assets are invested to provide an optimal investment solution for their unique needs and circumstances.

**Investment Strategy**

The Firm utilizes two types of strategies in providing investment advisory services to its clients: Absolute Return Strategies and Dynamic Strategies. The Absolute Return Strategies seek consistent absolute returns independent of broad market conditions. This strategy focuses on risk control by investing in funds and assets whose manager's focus on risk control. The Dynamic Strategies seeks to provide traditional asset management with a flexible approach. This strategy utilizes traditional asset allocation providing independent fundamental research using a time-tested, bottom up approach to reviewing managers. Both Absolute Return and Dynamic Strategy are implemented utilizing mutual funds and ETFs through the Firm's research and executed through the Schwab Institutional platform.

**Risk of Loss and Material Risks**

Clients should understand that investing in securities involves risk of loss that they should be prepared to evaluate.

**Certain Risk Factors**

All investments carry some amount of risk. The Firm's investment strategies may be subject to the following principal investment risks:

- **Business Risk** - These are risks associated with a particular industry or company. A company or industry may need to go through a lengthy process before realizing a profit or may be particularly affected by political events in foreign countries. A utility company, for example, generates income

from a steady stream of customers who need its product, no matter what the economy is like.

- **Credit Risks** – The risk that the portfolio could lose money if the issuer or guarantor of a fixed-income security, or the counter-party to a derivative contract, is unable or unwilling to meet its financial obligations.
- **Debt Securities Risks** – The issuer of a debt security may fail to pay interest or principal when due, and changes in market interest rates may reduce the value of debt securities or reduce the portfolio's returns.
- **Equity Risks** – The risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.
- **High-Yield Securities Risk** – High-yield securities have a much greater risk of default or of not returning principal and tend to be more volatile than higher-rated securities of similar maturity.
- **Interest-Rate Risk** - The risk that fixed income securities will decline in value because of an increase in interest rates.
- **Investment Risk** - Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Firm) will be profitable or equal any specific performance level(s).
- **Liquidity Risk** – A security may not be able to be sold at the time desired or without adversely affecting the price.
- **Market Risk** – The market price of securities held by a portfolio may rapidly or unpredictably decline due to factors affecting securities markets generally or particular industries. Examples include political, economic and social conditions that may trigger market events. This is particularly applicable to foreign investments.
- **Mortgage- and Asset-Backed Securities Risk** – These securities may decline in value when defaults on the underlying mortgage or assets occur and may exhibit additional volatility in periods of changing interest rates. When interest rates decline, the prepayment of mortgages or assets underlying such securities may require the reinvestment of money at lower prevailing interest rates, resulting in reduced returns.
- **Public Health Emergencies Risk:** The outbreak of respiratory disease caused by the coronavirus COVID-19 has had, and is expected to continue to have, a severely adverse impact on the economies of many nations, individual companies and the market in general. The Adviser cannot predict the likelihood of occurrence or the impact of similar pandemics, epidemics or other public health emergencies in the future on the U.S. markets as well as other economies, or individual securities or other financial instruments the Adviser may invest in on behalf of its clients.
- **Regulatory Risk** – The risk that changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

## **Item 9. Disciplinary Information**

### **Disciplinary History**

The Firm, its employees and officers have not been involved in disciplinary events related to its clients or to past or present investment activities.

This section of Form ADV requires investment advisers (the Firm is an investment adviser) to report whether it or its employees and officers have been involved in disciplinary, legal or regulatory actions which include, among other things, charges, filings or convictions related to investment related rule violations.

Again, the Firm, its employees and officers do not have any disciplinary or legal events to report.

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

### **Financial Industry Activities**

The Firm is affiliated with a number of other financial industry service providers. Following is a description of the relationships or arrangements that are important to the Firm's advisory business or to our clients that we or our personnel have with any affiliate mentioned below. Engaging in transactions with affiliates, including purchasing securities from or through an affiliated broker-dealer; present a conflict of interest that arises because the organization as a whole may be enriched by the transaction. The Firm has established policies and procedures to address conflicts of interest and address the SEC's requirements on principal and affiliated trading. The Firm has also established restrictions within its Code of Ethics that reflect its fiduciary responsibilities.

### **Broker-Dealer, Municipal Securities Dealer, or Government Securities Dealer**

The Firm is not a registered broker-dealer; however, some of our employees are also employees, management persons, executive officers, directors or registered representatives of BOKF, BOK Financial Securities, Inc. or both. BOK Financial Securities, Inc. is an affiliate of BOKF and the Firm and is a wholly-owned subsidiary of BOK Financial Corporation. BOK Financial Securities, Inc. is a registered broker-dealer and member FINRA/SIPC, an SEC registered investment adviser (d/b/a BOK FA), and an SEC registered municipal adviser. The principal business of BOK Financial Securities, Inc. is that of general securities broker-dealer, government securities sales and municipal securities underwriting.

BOK Financial Asset Management, Inc. is a wholly owned subsidiary of BOKF, NA a national banking association wholly owned by BOK Financial Corporation (symbol: BOKF). BOKF Corp offers wealth management and trust services through BOKF, NA ("BOK Financial"), various bank subsidiaries including Cavanal Hill Investment Management, Inc., an SEC registered investment adviser. BOKF Corp offers additional insurance, investment and financial services and products through its subsidiaries BOK Financial Insurance and BOK Financial Securities, Inc., a broker/dealer, member FINRA/SIPC, and SEC registered investment adviser, which offers advisory services under its trade name BOK Financial Advisors

### **Affiliated Bank**

Trust and fiduciary services are provided by BOKF, NA (BOK Financial) through its banking divisions: Bank of Albuquerque, Bank of Oklahoma, Bank of Texas and BOK Financial. Asset Management has entered into a Services Agreement with BOK Financial. The agreement covers financial planning, manager research and due diligence, custody, administration and operational services. Services provided by BOK Financial in conjunction with the Services Agreement are handled via allocations between BOK Financial and Asset Management. Certain employees of Asset Management are dually employed by the Firm and BOK Financial.

### **Investment Adviser or Financial Planner**

BOK Financial Securities, Inc. is a dual registered broker/dealer and investment adviser (dba BOK Financial Advisors – BOK FA), Cavanal Hill Investment Management, Inc., BOK Financial Private Wealth, Inc., and

Step Stone LP are SEC registered investment adviser affiliates of the Firm. BOKF, NA is a national banking association affiliate that provides advisory and financial planning services to its clients. BOK FA, Cavanal Hill Investment Management, Inc., BOK Financial Private Wealth, Inc., and BOKF, NA may receive compensation from the Firm where BOK FA, Cavanal Hill Investment Management, Inc., BOK Financial Private Wealth, Inc. or BOKF, NA, or one of its representatives, introduces a client to the Firm resulting in a client relationship. Such a fee will be paid in accordance with Rule 206(4)-3 of the Act. Furthermore, the Firm may engage Cavanal Hill Investment Management, Inc. to provide sub-advisory services to certain of the Firm's clients for which the Firm may pay an investment advisory fee to Cavanal Hill Investment Management, Inc.

#### **Investment Company or Other Pooled Investment Vehicle**

The Cavanal Hill Funds have arrangements in place with Firm affiliates. Cavanal Hill Investment Management, Inc., = serves as investment adviser and administrator; BOKF serves as custodian; Cavanal Hill Distributors, Inc. serves as the distributor and principal underwriter to each of the Cavanal Hill Funds. Fund shareholders of Cavanal Hill Funds may include officers, directors, or employees of the Firm or its affiliates. Cavanal Hill Distributors, Inc. and BOKF may receive 12b-1 and shareholder servicing fees from the Funds for its provision of distribution and shareholder services.

#### **Company or Agency**

Some Firm employees in their individual capacities are agents and/or brokers for various insurance companies. In this separate capacity, these individuals will be able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. However, no client is obligated to use these individuals to purchase insurance. Some registered representatives of BOK Financial Securities, Inc. are also employees of BOSC Agency, Inc., a subsidiary of BOKF and an affiliated insurance agency of Firm.

#### **Pension Consulting, Administrative and Actuarial Services**

The Firm provides pension consulting, administrative and actuarial services. The fees for these services are separate and distinct from the investment advisory fees charged by the Firm. The Firm provides plan design, record-keeping, investment management services and employee communication to pension, profit sharing, 457, 401(a), and 401(k) plans.

#### **Sponsor or Syndicator of Limited Partnerships**

BOKF Equity LLC (BOKF Equity) is an affiliate of the Firm. BOKF Equity is the general partner and manager of private equity limited partnerships. BOKF Equity is a general partner in the Private Equity Limited Partnership I (PELP I) and Private Equity Limited Partnership II (PELP II). Clients of BOKF, NA were solicited by BOKF Equity to invest in PELP I and PELP II. Clients of BOK Financial Asset Management, Inc. were not solicited to invest in PELP I or PELP II. PELP I and PELP II are closed to new investors.

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

#### **Code of Ethics**

The Firm has adopted a Code of Ethics to ensure that securities transactions by the Firm's employees are consistent with Firms fiduciary duty to its clients and to ensure compliance with legal requirements and Firm's standards of business conduct. The Company requires transaction confirmation and quarterly reporting of such transactions. A written copy of the Firm's Code of Ethics is available upon request by calling (713) 228-6444.

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

Employees of the Firm shall not buy or sell securities for their personal portfolios(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of the Firm shall prefer his or her own interest

to that of the advisory client. The Firm maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual. The Firm requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered advisors. The Firm requires all access persons to pre-clear all reportable securities transactions.

### **Recommendations Involving Material Financial Interests**

It is the Firm's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker/dealer, buys from or sells any security to any advisory client. The Firm will not cross trades between client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser acts as broker for both the advisory client and for another person on the other side of the transaction.

### **Personal trading and trading and Investing in the Same Securities as Clients**

The Firm's employees are permitted to invest in securities identical to those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security or securities which may also be recommended to a client. As these situations could represent a conflict of interest, The Firm has established restrictions within its Code of Ethics in order to ensure its fiduciary responsibilities. The Firm requires all individuals must act in accordance with all applicable Federal and State regulations governing registered advisors. The Firm requires all access persons to pre-clear all reportable securities transactions.

## **Item 12. Brokerage Practices**

### **Recommending Brokerage Firms**

The Firm requires that consulting clients use the brokerage services of Schwab Institutional ("SI"), a division of Charles Schwab & Co. ("Schwab"), or Fidelity Institutional Advisor Group ("FIAG") for implementation of all recommended transactions in no-load and load mutual funds at net asset value without compensation to the Firm's related persons.

### **Best Execution**

The Firm reviews securities pricing and trades on a monthly basis to assure that all trades were placed at the correct NAV (Net Asset Value). Additionally, on an annual basis the Firm reviews all utilized brokerage and custodial firms for compliance, pricing and service standards.

### **Benefits Received by BOK Financial Asset Management, Inc.**

The Firm participates in the service program offered by Schwab Institutional ("SI"), a division of Charles Schwab, and Fidelity Institutional Advisor Group ("FIAG"). The economic benefits derived from participation in the service program can include: receipt of duplicate client confirmations; bundled duplicate client confirmations and statements. In addition, the client has access to a trading desk serving SI and FIAG participants exclusively; access to block trading, which provides the ability to aggregate securities transactions and then allocate the appropriate shares to the client's address. Benefits also include access to an electronic communication network for client order entry, account information, receipts of compliance publications, and access to mutual funds generally requiring a significantly higher minimum initial investment or available only to institutional investors. These benefits received through participation in the SI and FIAG programs do not depend upon the amount of transactions directed to Schwab or Fidelity.

SI and FIAG also make available to the Firm, other products and services that benefit the Firm but may not benefit its clients' accounts. Some of these other products and services assist the Firm in managing and administering clients' accounts which include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation

of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of the Firm's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

With respect to any brokerage commissions charged by executing broker/dealers, the Firm will regularly and continuously review such charges within the foregoing criteria and such other comparative standards which it may regard as pertinent for the purpose of evaluating the reasonableness of such commissions. As permitted by law, and specifically by provisions of Section 28(e) of the Securities Exchange Act of 1934, the Firm may cause its clients to pay a broker/dealer an amount of commission for executing a portfolio transaction order on behalf of its clients which is in excess of the commissions other broker/dealers would have charged for effecting such a transaction. In order to do so, the Firm must determine in good faith that the higher commissions are reasonable in relation to the value of the brokerage and research services provided by the executing broker/dealer viewed in terms of either a particular transaction or the Firm's overall responsibilities to its other clients.

**Brokerage for Client Referrals:** The Firm does not consider the potential receipt of referrals when it recommends or selects brokers or dealers for its clients. The Firm follows the Firm's best execution policy in selecting brokers or dealers to effect portfolio transactions.

**Directed Brokerage:** The Firm has discretionary authority to determine securities to be bought or sold; the total amount of securities to be bought and sold; the brokers/dealers through whom securities are to be bought and sold; and the commission rates at which securities transactions are to be affected. The Firm will be responsible for any losses with regard to trade errors.

### **Order Aggregation**

The Firm's fundamental policy is to seek for its clients what, in its judgment, will be the best overall execution of purchase or sale orders and the most favorable net prices in securities transactions consistent with its judgment as to the business qualifications of the various broker or dealer firms with which the Firm may do business. Decisions with respect to the market in which the transaction is to be completed, the form of the transactions, and the allocation of orders among brokers or dealers are made in accordance with this policy.

When trading the same security across multiple accounts, the Firm may aggregate or place a block trade and allocate the order to each client accordingly. This will result in less execution costs and expenses. When executing this type of order, the execution price will be an "averaged priced" so that each client receives the same execution price and to avoid any potential conflicts of interest. If an employee of the Firm is included in the order, the Firm will ensure that the employee account does not receive a better price than the client.

## **Item 13. Review of Accounts**

### **Periodic Reviews**

All accounts are reviewed on an annual basis. Asset allocation models will be based either on standard model portfolios or upon client specific requests. Reviewers will be the senior management of the Firm. The underlying fund investments are reviewed on a quarterly basis to ensure they are meeting and/or exceeding their respective standard market indices.

### **Regular Reports**

Clients will receive formal performance reports on a quarterly basis. Reports will reflect deposits and withdrawals from the account, and investment performance. Investment performance will measure performance of individual assets within the account, the account as a composite and compare account performance against standard market indexes. The clients also receive brokerage transaction confirmations and statements at least quarterly from the custodian of the account. All statements sent by the Firm include a legend directing the clients to review and compare with statements provided by the custodians.

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

### **Referrals**

**Other Referrals.** Employees of BOKF, NA and BOKFAM may introduce clients to other services offered by BOKF, NA or its affiliates. As a result of this referral, the employee may receive a fee. This fee may range from a nominal amount to a percentage of the anticipated revenue for the account over a set period of time. These payments are not added to client fees, but are deducted from the revenue received by BOKF, NA, BOKFAM, or an affiliate. These referral payments are paid as allowed according to banking regulations and do not affect the fees clients pay BOKFAM.

**Intercompany Payments between Affiliates.** BOKFAM and its affiliates make certain intercompany payments to compensate each other for performing various administrative services. These may be amended or terminated at any time and are outlined in service agreements between the various affiliates.

### **Third Party Compensation**

The Firm's associated persons may, from time to time, receive compensation for the introduction of investment products. The receipt of this compensation may affect the Firm's judgment in introducing products to its clients. The Firm will take all necessary steps to ensure it meets its fiduciary duties for its clients including instances where additional compensation may be involved.

The Firm acts as a third party record-keeper and has an agreement with Charles Schwab & Co., Inc., to provide business acquisition and consulting services for qualified retirement plans. Charles Schwab & Co., Inc., will be paid certain fees by the firm for the referral of certain qualified retirement plans. The referred qualified retirement plan is not obligated to choose BOK Financial Asset Management, Inc., as its record keeper when referred by Charles Schwab & Co., Inc.

Other Referrals. Employees of BOKF, NA and the Firm may introduce clients to other services offered within BOKF, NA or its affiliates. As a result of this referral, the employee may receive a fee. This fee may range from a nominal amount to a percentage of the anticipated revenue for the account over a set period of time. These payments are not added to your fees, but are deducted from the revenue received by BOKF, NA, the Firm or the affiliate. These referral payments are paid according to banking regulations.

## **Item 15. Custody**

### **Account Statements from Custodian**

The Firm does not provide custody services directly. However, such services are provided from other qualified custodians (Charles Schwab, Fidelity Institutional or another qualified custodian of the client's choosing). BOKFAM is deemed to have custody of most or all of its retirement plan client assets that are held at Charles Schwab & Co. ("Schwab") because the plans' custodian applications grant BOKFAM broad authority as "record keeper" to designated authorized representatives of the plan-including Firm personnel-who can, among other things, unilaterally instruct the custodian to transfer or withdraw plan assets. BOKFAM will obtain a report of the internal controls relating to the custody of those assets from an independent public accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board. BOKFAM does not provide account statements, however, clients receive quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains clients' investment assets. Clients should carefully review such statements and compare such official custodian records to the account statements that the Firm may provide

## **Item 16. Investment Discretion**

### **Discretionary Authority for Trading**

The Firm is normally granted discretionary authority via the initial contract the clients and the Firm enters into. In cases where the clients have granted the Firm discretionary authority, the Firm normally has the authority to determine securities to be bought or sold; the total amount of securities to be bought and sold; the brokers or dealers through whom securities are to be bought and sold; and the commission rates at which securities transactions are to be affected. The Firm strives to ensure that such discretion is exercised in a manner consistent with the stated investment objectives and investment policy statements for the particular client account. Such objectives and policy statements are required to be provided by the client in writing.

## **Item 17. Voting Client Securities**

### **Proxy Votes**

It is the general policy of the Firm to not take any action or render any advice in reference to the voting of proxies for those securities held in all client accounts but will if requested in writing by the client. The proxies are delivered from the custodian to the client for voting and does not keep any record of how or if the proxies are voted.

## **Item 18. Financial Information**

### **Financial Condition**

The Firm has discretionary trading authority in your accounts we manage. As such, we are required to report any financial condition reasonably likely to impair our ability to meet our contractual obligations of clients. The Firm does not have any financial impairment that will preclude us meeting our contractual commitments to our clients.