



## Wakefield Asset Management, LLLP

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

**This brochure provides information about the qualifications and business practices of Wakefield Asset Management, LLLP. If you have any questions about the contents of this brochure, please call us at (303) 771-0630 or email us at [compliance@wakefieldinc.com](mailto:compliance@wakefieldinc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Being a “registered investment adviser” or describing ourselves as being “registered,” does not imply a certain level of skill or training.**

**Additional information about Wakefield Asset Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Wakefield Asset Management is 143720**

Updated: March 29, 2021

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## Item 2 - Material Changes

This brochure dated March 29, 2021, has been updated from our previous brochure dated March 30, 2020. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

## Item 4 - Advisory Business

### Firm Description

Wakefield Asset Management, LLLP (Wakefield) is a registered investment adviser with the U.S. Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940 (Advisers Act). Wakefield was founded in 2003 and is 100% employee owned. G. Todd Gervasini is the principal owner, Managing Partner, and Chief Investment Officer of Wakefield.

### Types of Advisory Services Offered

Wakefield furnishes discretionary and non-discretionary investment advisory services to individual and institutional investors. Wakefield makes investment decisions for its clients based on a highly disciplined and technologically advanced process for research, security selection, implementation, and monitoring. Investors are permitted to impose restrictions on investing in certain securities or types of securities.

Wakefield also furnishes non-discretionary financial consulting services to individual and institutional investors. We evaluate each investor's financial circumstances, investment objectives and investable assets and recommend investment strategies for implementation. The investor determines whether to implement such recommendations and, if implemented, which service providers will be used.

Wakefield provides portfolio specific separate account management for accounts referred by Wakefield Wealth Management, LLLP (WWM), or third-party investment advisers, brokers, and/or broker-dealers. Under these programs, participating clients (generally with the assistance from the third-party investment adviser) may select Wakefield to provide selected investment advisory services for their account. This may be only a portion of the client's overall investment portfolio. These accounts are managed according to the investment strategies described in *Item 8 - Investment Strategies*.

To the extent requested by the client, Wakefield may recommend the services of other professionals for advice and implementation of non-investment related matters such as estate planning, tax planning, banking matters, insurance, etc. The client is under no obligation to engage the services of any recommended professional and retains absolute discretion over the selection of professionals and the implementation of products they recommend.

### Managed Account and Wrap Fee Programs

Wakefield has agreements with various financial services firms ("Program Sponsors") to provide investment advisory services to managed accounts in programs sponsored or administered by these firms. These programs are commonly referred to as Managed Account Programs or UMA or SMA

programs. Under these programs, participating clients (generally with assistance from the Program Sponsor) may select Wakefield to provide selected investment advisory services for their account (or a portion thereof). The services Wakefield provides to Managed Accounts may differ among the Managed Account Programs and may differ from the services provided to clients who do not participate in Managed Account Programs. Wakefield generally receives a portion of the wrap fee charged on these accounts for the services we provide. Please see further discussion of management fees under *Item 5 – Fees and Compensation*.

For Managed Accounts, Wakefield is appointed to act as an investment adviser through a process administered by the Program Sponsor. Wakefield will generally make its representatives available for communications as reasonably requested by clients and or Program Sponsors. In the course of providing services to Managed Account Programs, Wakefield may reasonably rely on information or directions communicated by the Program Sponsor acting with apparent authority on behalf of its client. Wakefield reserves the right to decline to manage any account.

Clients should review all materials related to their Managed Account Program (including the wrap fee program brochure of the Program Sponsor) including materials related to the terms, conditions and fees. Each client should evaluate the potential advantages, disadvantages and overall appropriateness of the program in light of the client's particular circumstances. Clients are encouraged to consult their own financial advisers and legal and tax professionals in connection with selecting and engaging the services of an investment adviser in a particular strategy and participating in a Managed Account Program.

#### **Assets under Management**

As of December 31, 2020

	Market Value (U.S. Dollars)	Number of Accounts
Discretionary Assets	293,255,000	495
Non-Discretionary Assets	<u>209,600</u>	<u>15</u>
Total Regulatory Asset Under Management	<u>293,464,600</u>	<u>510</u>
Assets Under Advisement	463,221,400	14
Total Assets Managed	<u>\$756,686,000</u>	<u>524</u>

“Discretionary Assets” are those accounts where the client has granted Wakefield authority, without any further approval except as otherwise required by law, (a) to make all investment decisions for the account; (b) to buy, sell and otherwise deal with the assets of the account; and (c) in furtherance of the foregoing, to do anything which WAM deems requisite, appropriate or advisable, including, without limitation, the submission of instructions to the custodian, if any, of the account.

“Non-Discretionary Assets” are those accounts where the client retains authority for approving the final investment decisions. Wakefield provides advice to clients regarding these accounts but does not make independent investment decisions.

“Assets Under Advisement” (AUA) include assets in Managed Account Programs where Wakefield provides model investment portfolios. The program sponsor retains final discretion to implement the model strategy and performs all trading and account administration. Also included in AUA are assets in

qualified plans (retirement plans) where Wakefield provides continuous and regular advice to the trustees of the plans regarding the selection of their vendors including the selection of investment options available under the plan.

Wakefield provides sub-advisory services to clients of WWM, an affiliated investment adviser. The Assets under Management reported above includes \$224 million of discretionary assets and \$27 million of assets under advisement attributed to this sub-advisory relationship. These assets are also reported on WWM's Form ADV Part 2.

## Item 5 - Fees and Compensation

### Asset Management Services

Wakefield's standard advisory fee for its services managing certain separate accounts referred by another investment adviser, broker-dealer, or consultant is calculated as follows based on the total amount of assets under contract with Wakefield:

		Large Cap Equity Strategies	Small Cap Equity Strategy
More Than	But Not More Than	Annual Rate	Annual Rate
\$1,000,000	\$10,000,000	0.75%	1.00%
\$10,000,000	\$25,000,000	0.60%	0.90%
\$25,000,000	\$50,000,000	0.55%	0.85%
\$50,000,000		negotiable	negotiable

Management fees are billed and payable at the beginning of each quarter for the following three-month period. There is a \$1-million-dollar minimum for asset management services. Fees and minimums are negotiable.

### Managed Account and Wrap Fee Programs

Managed Account Programs generally offer brokerage, custody, and investment advisory services or some combination thereof for a fully bundled fee (commonly referred to as a wrap fee). The annual fee paid by the client to the Managed Account Program will typically range from 1.5% to 3% of the client's assets under management (although it can vary by program). Under such program, Wakefield's services are typically provided pursuant to an agreement with the Program Sponsor. The Program Sponsor generally pays Wakefield 0.50% of the assets Wakefield manages under the Managed Account Program (although fees vary by program). Fees paid to Wakefield for fully bundled wrap fee Managed Account Programs are typically less than the fees in partially bundled or unbundled arrangements such as separate accounts.

### Consulting Arrangements

The fee for Wakefield's consulting services varies based on the type of service provided, the duration of the project, the expertise required and other factors and is negotiated on a client-by-client basis.

**Prorated Management Fees for Partial Periods and Cash Flows**

The amount of any fee paid by any client is pro-rated for periods less than a full quarter at the beginning or end of Wakefield's management. If a client has prepaid fees for a quarter and withdraws assets before the end of the quarter, a pro-rata portion of the prepaid fee will be refunded. Quarterly fees are adjusted for cash flows over 10% of the clients total billable account value that occurred in the prior quarter. Under certain circumstances, the terms of an investment advisory contract, including fee schedules, terms of payment (including performance-based fees), and termination provisions, may be negotiated.

**Other Fees Incurred in Connection with Advisory Services**

In addition to the advisory fee paid to Wakefield, clients will also incur charges related to the brokerage and custody of assets, commissions on buy and sell transactions, and fund fees (if applicable), including fees on exchange-traded funds, open-end mutual funds, closed-end funds, and unit investment trusts. Wakefield does not determine these fees and does not earn any additional revenue from these fees. Please refer to *Item 12 - Brokerage Practices* for discussion of brokerage arrangements.

**Compensation for Sale of Securities or Other Investment Products**

Wakefield and its employees are not compensated for the sale of securities or other investment products. However, Wakefield may receive research and brokerage services from certain broker-dealers. Please refer to *Item 12 - Brokerage Practices* for information on the services we may receive from broker-dealers.

## **Item 6 - Performance Based Fees**

Wakefield does not currently participate in any performance-based fee arrangements.

## **Item 7 - Types of Clients**

Wakefield provides advisory services to individuals, high net-worth individuals, trusts, estates, charitable organizations, corporations, pensions and profit sharing plans and to other financial services and investment companies.

Wakefield provides portfolio specific separate account management for accounts referred by WWM, or third-party investment advisers, brokers, and/or broker-dealers. Under these programs, participating clients (generally with the assistance from the third-party investment adviser) may select Wakefield to provide selected investment advisory services for their account. This may be only a portion of the client's overall investment portfolio.

The account minimum for separately managed accounts referred to Wakefield through third party financial advisers and Managed Account Programs is generally \$100,000 to \$250,000, depending on the program. Wakefield, at its sole discretion, may raise or lower such minimums in certain circumstances.

## Item 8 - Method of Analysis, Investment Strategies and Risk of Loss

Wakefield offers various investment portfolios designed to meet client objectives. In general, each portfolio utilizes the same models; however, specific security selections are limited to an investment universe that matches the client's objectives. Currently, Wakefield offers investment portfolios in the following categories:

### **Domestic Equities:**

Wakefield's investment approach to domestic equity portfolios utilizes quantitative portfolio building techniques augmented by academic research. The focus of such an approach is measuring and monitoring known critical variables without reliance on the accumulation of traditional information or forecasting accuracy. Within each universe, the relative importance of Wakefield's quantitative strategies may vary depending upon the nature of the universe and the availability of fundamental information.

Domestic equity portfolios are diversified across numerous sectors in general accordance with broad market weightings. The portfolios tend to be equal weighted at cost when possible. Wakefield evaluates each stock within a defined universe through a series of quantitative strategies placing certain values on the following:

- Earnings Estimates for the upcoming quarter, fiscal year, and following fiscal year if available
- Price to Book Valuations
- Price to Cash Flow Valuations
- Price to Earnings Valuations
- Price to EBITDA Valuations
- Price to Sales Valuations
- Return Attribution
- Risk Measurement
- Security Analyst Behavior
- Surprise Earnings

**Large Cap Core:** Selections are made from stocks contained in the S&P 500 Index or the Russell 1000 Index, and/or stocks of issuers with over \$10 billion in market capitalization. In addition to the Core strategy, we offer a customized Biblically Responsible Equity version of the strategy based on screening criteria provided by a third party.

**Large Cap Tax Aware:** Selections are made from stocks contained in the S&P 500 Index or the Russell 1000 Index, and/or stocks of issuers with over \$10 billion in market capitalization with attention to certain tax considerations.

**Small Cap Equity:** Selections are made primarily from stocks contained in the S&P 600 Index or the Russell 2000 Index, and/or stocks of issuers with market capitalizations that are generally within the range of companies in those indexes.

**International Equity:** Selections are made from exchange traded funds ("ETFs"), open-end mutual funds and closed-end funds. Wakefield does not select individual stocks of operating companies listed

on exchanges outside of the United States. In general, international equity portfolios are diversified across numerous countries in accordance with broad international market weightings. An international equity portfolio may be weighted more aggressively or conservatively in its country allocation based on the objectives of the respective client.

**Fixed Income:** Selections are made primarily from ETFs, open-end mutual funds, closed-end funds, corporate debt securities, commercial paper, certificates of deposit, municipal securities, and U.S. Government securities (including U.S. Treasury obligations, U.S. Government Agency securities, and U.S. Government guaranteed securities). Wakefield may utilize yield spread, duration, credit quality and risk analysis when constructing a portfolio. In addition, portfolios may be constructed with attention to certain tax considerations.

**Alternative:** Selections are generally made from ETFs, open-end mutual funds, closed-end funds and individual securities. It is permissible for the portfolios to contain stocks, warrants, options, corporate debt securities, commercial paper, certificates of deposit, municipal securities, and U.S. Government securities. The portfolio objective is to seek long-term capital appreciation with an emphasis on lower correlation to traditional financial market indices such as the S&P 500 Index. Wakefield seeks investments which can potentially provide enhanced returns on a risk-adjusted basis when incorporated into the overall portfolio. Those strategies include long based equity, long/short equity, market neutral, convertible arbitrage, hedged equity, floating rate bank loans, fixed income, long/short credit, convertible bonds, distressed debt securities, global macro and emerging market strategies, real estate, and commodities. There are no restrictions or limitations on the amount the portfolio can allocate to any investment strategy.

**Diversified Asset Allocation:** The objectives of the portfolios range from income to aggressive growth. The underlying assets invest across a broad range of asset classes to provide a balanced return within each risk category from income to aggressive. The portfolios are rebalanced as needed. Diversified accounts may include security selections from some or all of our model portfolios detailed above. In accounts that are too small to effectively be invested in our stated models, we may invest across ETFs, open-end mutual funds, closed-end funds, or other investments to meet the objectives of the client and the goals of the portfolio.

## **Risks of Loss**

Investing in securities inherently involves risk of loss which clients should be prepared to bear. Each portfolio involves different levels and types of risks. The following identifies the material risks associated with the portfolios described above:

*Market Risk:* Conditions in a broad or specialized market, a sector thereof or an individual industry may adversely affect security prices, thereby reducing the value of the portfolio's investments.

*Equity Risk:* Equity securities are subject to market risk. Stocks and other equity securities fluctuate in price, often based on factors unrelated to the issuers' value, and such fluctuations can be pronounced. Equity securities may also be subject to investment style risk, which is the risk that the particular market segment on which a portfolio focuses will underperform other kinds of investments.



*Fixed Income Risk:* Fixed income securities are subject to interest rate risk, credit risk, reinvestment risk, prepayment risk and call risk. Interest rate risk is the potential for a decline in bond prices due to rising interest rates. Credit risk is the possibility that the issuer of a fixed-income security will fail to make timely payments of interest or principal, or that the security will have its credit rating downgraded. Reinvestment risk is the risk that future proceeds will have to be reinvested at a lower potential interest rate. Prepayment risk is the chance that a large number of the mortgages underlying a mortgage-backed security will be refinanced sooner than the investor had expected. Call risk is the possibility that an issuer will “call”—or repay—a high-yielding bond before the bond’s maturity date. In the case of both prepayments and calls, the portfolio is usually forced to reinvest the proceeds in a security with a lower yield.

*Small-and Medium-Sized Capitalization Company Risk:* Investing in securities of small-and medium-sized capitalization companies may involve greater risks than investing in larger, more established issuers. Smaller capitalization companies typically have relatively lower revenues, limited product lines and lack of management depth, and may have a smaller share of the market for their products or services, than larger capitalization companies. The stocks of smaller capitalization companies tend to have less trading volume than stocks of larger capitalization companies. Less trading volume may make it more difficult for Wakefield to sell securities of smaller capitalization companies at quoted market prices. Finally, there are periods when investing in smaller capitalization stocks falls out of favor with investors and the stocks of smaller capitalization companies underperform.

*Non-U. S. Securities Risk:* Non-U.S. markets can be significantly more volatile than domestic markets, causing the prices of a portfolio’s investments to fluctuate significantly, rapidly and unpredictably. Non-U.S. securities may be less liquid than domestic securities; consequently, the portfolio may at times be unable to sell non-U.S. securities at desirable times or prices. Brokerage commissions, custodial fees and other fees and expenses associated with securities transactions generally are higher for non-U.S. securities. In the event of a default in connection with certain debt securities issued by foreign governments, the portfolio may have very limited recourse, if any. Additionally, foreign governments may impose taxes which would reduce the amount of income and capital gain available to distribute to investors. Other risks related to non-U.S. securities include delays in the settlement of transactions; less publicly available information about issuers; different reporting, accounting and auditing standards; the effect of political, social, diplomatic or economic events; seizure, expropriation or nationalization of the issuer or its assets; and the possible imposition of currency exchange controls. Emerging market securities are likely to have greater exposure to the risks discussed above. Additionally, emerging market countries generally have less mature economies and less developed securities markets with more limited trading activity, are more heavily dependent on international trade and support, have a higher risk of currency devaluation, and may have more volatile inflation rates or longer periods of high inflation than more developed countries. Emerging market countries also are more prone to rapid social, political and economic changes than more developed countries. To the extent the portfolio invests substantially in securities of non-U.S. issuers tied economically to a particular country or geographic region, it will be subject to the risks associated with such country or geographic region to a greater extent than a portfolio that is more diversified across countries or geographic regions.

*Exchange-Traded Funds Risk:* ETFs charge their own fees and expenses; thus, portfolios that invest in ETFs will bear extra costs, such as duplicative management fees, brokerage commissions and related

charges. In addition, there may from time to time be a significant discrepancy between the net asset value of an ETF and the price at which the ETF trades on an exchange.

*Registered Investment Companies Risk:* A portfolio that invests in registered investment companies is indirectly exposed to all of the risks of an investment in the registered investment companies, including the risk that the registered investment companies in which it invests will not perform as expected or that the portfolio will invest in registered investment companies with higher fees or expenses.

*Commodities Risk:* Commodity prices can be extremely volatile and are affected by many factors, including changes in overall market movements, real or perceived inflationary trends, commodity index volatility, changes in interest rates or currency exchange rates, population growth and changing demographics, nationalization, expropriation, or other confiscation, international regulatory, political, and economic developments (e.g., regime changes and changes in economic activity levels), and developments affecting a particular industry or commodity, such as drought, floods, or other weather conditions, livestock disease, trade embargoes, competition from substitute products, transportation bottlenecks or shortages, fluctuations in supply and demand, and tariffs.

## **Item 9 - Disciplinary Information**

Not applicable.

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

Wakefield Asset Management, LLLP is affiliated with Wakefield Wealth Management, LLLP, a registered investment advisor with the U.S. Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940 (Advisers Act). Both companies are under common control, share certain employees and are share the same physical location. Wakefield Asset Management, LLLP provides sub-advisory services to Wakefield Wealth Management, LLLP's clients.

Wakefield is not affiliated with any other broker-dealer, investment company, external investment adviser or other financial industry participant.

Wakefield does not receive any compensation directly or indirectly from the recommendation of particular securities, advisers or broker-dealers. Please see *Item 12 - Brokerage Practices* for a discussion of research and brokerage services provided to Wakefield by certain broker-dealers.

## **Item 11 - Code of Ethics, Participation in Client Transactions and Personal Trading**

Wakefield has adopted a Code of Ethics (the “Code”), designed to comply with Rule 204A-1 under the Advisers Act, as amended, that sets forth rules of conduct for employees of Wakefield. In summary, the Code prohibits insider trading, regulates personal securities trading activities in the accounts of employees and prescribes standards for dealing with clients ethically. A copy of the Code is available upon written request by a client.

Wakefield does not purchase or sell securities for its own account. Wakefield’s employees may acquire, hold, or dispose of the same investments for their own accounts as are held or are to be purchased or sold for a client’s account. However, no “access person” may, directly or indirectly, acquire or dispose of beneficial ownership of a reportable security without preclearance (post-approval is impermissible) unless

- i. such person has no direct or indirect influence or control over any account holding such reportable security
- ii. such transaction involves a limited number of shares of securities included in the S&P 500 Index
- iii. the transaction is effected under an automatic investment plan
- iv. the transaction is effected through an account managed by Wakefield pursuant to a signed advisory agreement
- v. the transaction involves only direct obligations of the U.S. Government
- vi. the transaction involves only high quality short term instruments such as certificates of deposit
- vii. the transaction involves only shares of open-end mutual funds

Furthermore, no “access person” of Wakefield may purchase or sell, directly or indirectly, any security on the same day as a client’s trade in that security unless the transaction occurs after all client trading is completed or the trade is executed with the client trades and the employee receives the same price as the client; or unless the purchase or sales of the security will be inconsequential to the client purchase or sale. Exceptions include those securities excluded above.

Access persons are prohibited from using nonpublic information regarding portfolio holdings, model changes or client transactions for their personal benefit. Access Persons are prohibited from using advance knowledge to trade ahead or otherwise benefit from such knowledge.

An "Access person" means any supervised person who: has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any separate account strategy Wakefield or its control affiliates manage or has access to such recommendations; or is involved in making securities recommendations to clients that are nonpublic. All of Wakefield’s directors, officers, and partners are presumed to be access persons.

## **Item 12 - Brokerage Practices**

### **The Custodians and Brokers We Use**

Wakefield does not maintain custody of your assets on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account to pay our

management fees (*see Item 15 – Custody*). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or a bank.

Wakefield may recommend that clients establish brokerage accounts with a registered broker-dealer such as, but not limited to, Schwab Institutional, a division of Charles Schwab & Co., Inc. (Schwab), member SPIC, or TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (TD Ameritrade), member FINRA/SPIC/NFA. Wakefield is independently owned and operated and not affiliated with any of these broker-dealers. The broker-dealer will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. If you decide to open a brokerage account with a broker-dealer, you will enter into an account agreement directly with them. We do not open the account for you, although we will assist you in doing so. Regardless of where you choose to maintain a brokerage account, we can still use other brokers to execute trades for your accounts as described below.

In effecting portfolio transactions for accounts for which Wakefield exercises discretionary authority in the selection of executing brokers-dealers, Wakefield seeks the best execution available. A broker-dealer effecting a transaction may be paid a commission higher than that charged by another broker-dealer. The determination of what may constitute best execution involves a number of considerations, including:

- the overall net economic result to an account (involving, in the case of certain accounts, both (i) price paid or received and any commissions and other costs paid and (ii) reductions of commissions paid and certain operating charges otherwise payable by the account for non-brokerage services provided to the account by the executing broker-dealer)
- the efficiency with which the transaction is effected
- the ability of the executing broker-dealer to effect the transaction when a large block is involved
- the availability of the broker-dealer to stand ready to execute possibly difficult transactions in the future
- the financial strength and stability of the broker-dealer

### **Your Brokerage and Custody Costs**

For Wakefield client accounts, the broker-dealer generally does not charge separately for custody but is compensated by charging you commissions or other transaction-related fees for securities trades that are executed through your broker-dealer or that settle into your brokerage accounts. For some accounts, your broker-dealer may charge you a percentage of the dollar amount of assets in the account in lieu of commissions (commonly referred to as asset-based pricing fees).

The commission rates and asset-based fees applicable to your accounts may have been negotiated based on the condition that our clients collectively maintain minimum level of assets in accounts at your broker-dealer. The services provided to you by your broker-dealer may include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

In addition to commissions and asset-based fees, your broker-dealer may charge you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your brokerage account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have your

broker-dealer execute most trades for your account. We have determined that having your broker-dealer execute most trades is consistent with our duty to seek the most favorable terms for your transactions.

### **Products and Services available to us from Broker-Dealers**

The broker-dealers we may recommend are in the business of serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to retail customers. The broker-dealers also makes available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. These support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a minimum level of their assets in accounts at the broker-dealer. Following is a more detailed description of the support services we may receive from your broker-dealer:

#### **Services That Benefit You**

Brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through your broker-dealer may include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit you and your account.

#### **Services That May Not Directly Benefit You**

Your broker-dealer also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research which we may use to service all or a substantial number of our clients' accounts, including accounts not maintained at your broker-dealer. In addition to investment research, broker-dealers also make available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

#### **Services That Generally Benefit Only Us**

Broker-dealers also offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

These services may be provided by the broker-dealer or they may arrange for third-party vendors to provide the services to us at a discount or free of charge. Your broker-dealer may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Services provided by broker-dealers**

The availability of these services benefits us because we do not have to produce or purchase them. In order to obtain these services, your broker-dealer may require we maintain a minimum value of accounts at that brokerage. The minimum may give us an incentive to recommend that you maintain your account with certain broker-dealers, based on our interest in receiving services from them that benefit our business rather than based solely on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that the broker-dealers we may recommend are in the best interests of our clients. Our recommendations are primarily supported by the scope, quality, and price of the brokerage services (see “*How We Select Brokers/Custodians*”) and not the services that benefit only us.

### **Brokerage for Client Referrals**

Wakefield does not recommend broker-dealers in exchange for client referrals received from that brokerage.

### **Directed Brokerage**

Brokers may refer their clients to Wakefield. If a broker refers a client to Wakefield and the client wants to retain that broker, Wakefield typically will direct all or portions of that client’s brokerage to the referring broker or broker-dealer in keeping with the client’s directions. The client determines the portion of brokerage commissions to be directed to the referring broker and also determines the brokerage commission rate. The commission rate may be transaction based, or it may be a single, flat annual fee. When brokers refer clients to Wakefield, Wakefield may review the commission structure and may attempt to negotiate the commission rate. However, Wakefield has a conflict of interest in negotiating commission rates with a referring broker because of Wakefield’s interest in receiving additional client referrals from the referring broker and the client’s express direction to use that particular broker. Wakefield would be in a better position to negotiate commission rates if clients did not direct brokerage commissions to a particular broker.

Wakefield may not be able to obtain volume discounts or best execution when a referring broker is used to execute transactions for a client. When possible, Wakefield will aggregate the trades of referred clients who have requested that their brokerage be directed to the same brokerage firm. However, Wakefield will not be able to negotiate volume commission discounts in such situations. Clients who participate in such block trades are charged different commission rates depending upon who their registered representative at the brokerage firm is. When commissions are charged on a transaction basis, portions of the commission on a blocked trade will ordinarily be allocated by the brokerage firm to various referring registered representatives. As a result, a client with a referring broker may pay higher brokerage commissions on securities transactions than Wakefield might be able to negotiate with another brokerage firm and higher brokerage commissions than Wakefield’s other clients pay. Moreover, the price a client account which has directed brokerage to a particular broker pays or receives for a security may be higher or lower than the price paid or received by Wakefield’s other clients who utilize other brokers.

**Bunching of Orders and Average Pricing**

Wakefield, in its sole discretion, may elect to combine or “bunch” an order entered for an Account with an order or orders entered for the same security for other Accounts and/or other clients of Wakefield to secure certain efficiencies and results with respect to execution, clearance and settlement of such orders. If a bunched order is executed in parts at different prices, or if two or more separate orders for two or more of Wakefield’s clients or client accounts are entered at approximately the same time and are executed at different prices, Wakefield, or the broker it uses, in its discretion, may employ an average price at which such securities are purchased or sold for each Wakefield client or account for whom or which such orders were executed. In making decisions concerning bunching and/or price averaging and allocating the securities so sold or purchased and the related transaction expenses, Wakefield will act in a manner Wakefield considers to be equitable, taking into consideration its fiduciary duties to all of its clients. In some instances, bunching or price averaging may adversely affect the price paid or received by an Account or the number of shares of a security bought or sold for an Account.

**Trade Errors**

Wakefield has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of any client transactions, due to Wakefield's actions, or inaction, or actions of others, Wakefield's policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Wakefield in any way. If the error is the responsibility of Wakefield, any client transaction will be corrected and Wakefield will be responsible for any client loss resulting from an inaccurate or erroneous order. Wakefield's policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file.

## **Item 13 - Review of Accounts**

Wakefield’s Chief Investment Officer generally reviews investments on a daily basis to determine continued compliance with Wakefield’s quantitative models. Wakefield’s Chief Investment Officer reviews the discretionary separate accounts on at least a weekly basis. Each discretionary and non-discretionary separate account is generally reviewed on a monthly basis by a group headed by Geoffrey Todd Gervasini (Chief Investment Officer). Recommendations are made to non-discretionary consulting accounts generally on a quarterly basis and at least on an annual basis.

Generally, Wakefield will provide discretionary and non-discretionary advisory clients with quarterly reports. Quarterly reports will contain current market value, diversification of account, and quarterly, year-to-date and since inception aggregate investment returns. Wakefield will not provide reports to non-discretionary consulting clients unless requested but will review the recommendations made for such clients on at least an annual basis.

If your account is referred to us by a third-party investment adviser, your primary investment management agreement is with that adviser, and you receive statements directly from that adviser or broker-dealer, you may opt-out of receiving quarterly reports directly from Wakefield. We also may not provide quarterly reports to certain discretionary clients where it is not contractually required.

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

We receive an economic benefit from certain broker-dealers in the form of the support products and services they make available to us and other independent investment advisers whose clients maintain their accounts at those broker-dealers. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practice*). The availability of these products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Wakefield will on certain occasions, compensate persons who have referred advisory clients to us by paying them a portion of the management fee charged on the referred client account. Each client whose accounts are subject to referral fees will be informed in writing of the terms and conditions of the referral fee to be paid. Clients do not pay higher fees as a result of these arrangements.

Wakefield offers a bonus plan for our employees based on the successful completion of a variety of goals which may include generating new assets, retaining existing assets and establishing new relationships with managed account platforms.

## **Item 15 - Custody**

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct your custodian to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. Your chosen custodian has actual custody of your assets. Wakefield does not take actual custody of any client funds or securities.

Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or a bank. Your custodians will send you account statements at least quarterly. You may also receive periodic reports directly from Wakefield as discussed in *Item 13 - Review of Accounts*. You should carefully review the statements provided by your custodian and compare them to the reports you receive directly from Wakefield.

## **Item 16 - Investment Discretion**

Wakefield furnishes discretionary and non-discretionary investment advisory services to individual and institutional investors. Clients must sign an investment advisory agreement with Wakefield which indicates whether they are giving discretion and authority to manage their accounts. Clients may have some accounts with discretionary authority and others without discretionary authority. Clients maintain the right to place certain restrictions on our discretionary authority such as prohibiting the securities of a certain issuer or a certain type. These restrictions must be provided to Wakefield in writing.

Clients participating in managed account programs through other financial institutions may not sign an investment management agreement directly with Wakefield. In these cases, their financial adviser is



responsible for communicating to Wakefield if the client has placed restrictions to our discretionary authority on the account.

## **Item 17 - Voting Client Securities**

Wakefield maintains proxy voting policies and procedures regarding the voting of proxies for portfolio securities of discretionary advisory clients. Clients may request a copy of the proxy voting policies and procedures, without charge, by writing to Wakefield. A client also may, at reasonable intervals, request information regarding how Wakefield voted proxies for such client's portfolio securities, without charge, by writing to Wakefield.

In the absence of specific voting guidelines from you, Wakefield will vote proxies in the manner we deem to be in your best interest. Wakefield's policy is to vote all proxies from a specific issuer the same way for each client unless a client has placed qualifying restrictions on our voting authority. You may place reasonable restrictions on Wakefield's voting authority in the same manner that you may place such restrictions on the actual selection of account securities.

Wakefield will generally vote in favor of routine corporate housekeeping proposals and against proposals that cause board members to become entrenched or cause unequal voting rights. Wakefield will further consider the opinion of management, the effect on management and the effect on shareholder value and the issuer's business practices.

## **Item 18 - Financial Information**

We do not serve as a custodian of client funds or securities and do not require prepayment of fees six months or more in advance. Accordingly, a balance sheet is not required to be provided with this brochure. We are not aware of any financial condition that will impair our ability to meet our contractual commitments to our clients and we have not been the subject of any bankruptcy petition at any time.