

Wilbanks Smith & Thomas Asset Management, LLC

Item 1-Cover Page



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March 30, 2023

FORM ADV 2A

This brochure provides information about the qualifications and business practices of Wilbanks, Smith & Thomas Asset Management, LLC ("WST"). If you have any questions about the contents of this brochure, please contact us at 757-623-3676. 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 Wilbanks, Smith & Thomas Asset Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. You can search for our firm by using our CRD number which is 106060.

WST is registered with the SEC. However, this registration does not indicate any established or set level or skill or training on our part.

Item 2-Material Changes

This Brochure, dated March 30, 2023, was prepared in accordance with SEC requirements, and contains the following material changes since the firm's last other than annual amendment submitted on February 20, 2023:

- WST has appointed Theresa Garber as the Chief Compliance Officer.

You may also obtain a copy of this brochure by contacting compliance by phone at 757-623-3676, or by email at compliance@wstam.com.

Additional information about Wilbanks Smith & Thomas Asset Management is available via the SEC's website www.adviserinfo.sec.gov.

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Item 4-Advisory Business

Wilbanks, Smith & Thomas Asset Management, LLC was founded in 1990 and is located at 150 West Main Street, Suite 1700, Norfolk, Virginia 23510. WST is privately owned by its principals and Rosemont which holds a minority non-voting interest only. All operational and investment decisions are made by the firm's principals. We are one of the oldest and largest independent investment advisors in Southeastern Virginia. WST's Investment Committee has a combined experience of over 150 years in the investment management industry.

WST provides investment services for individuals, pension and profit sharing plans, corporations, Taft Hartley organizations, municipalities, bank trust departments, trust companies, insurance companies, foundations and endowments. Our investment management services include asset allocation, security selection, portfolio rebalancing, and performance monitoring and reporting. We provide our clients with investment advisory services consisting of discretionary asset management through use of equity, fixed income and balanced (between equity securities such as stocks and fixed income securities such as municipal and government bonds) portfolios.

Our primary strategy is to diversify the portfolio by asset class, geography, market capitalization, and style. The investment program used to implement this strategy employs exchange traded funds (ETF's) and/or mutual funds and/or individual stocks in the equity segment of the portfolio and individual bonds and/or bond funds and/or ETF's in the fixed income segment. These portfolios are implemented for our clients based on their specific objectives.

In addition, WST offers advisory services through a platform of investment strategies that focus on improving risk-adjusted return through rules-based, risk-managed investment frameworks that rely on complex quantitative modeling and are executed primarily through Exchange Traded Funds (ETFs) and in some cases mutual funds. WST Capital Management ("WSTCM"), a division of WST, oversees quantitative research and manages these rules-based strategies. Our website (www.wstcm.com) focuses solely on the strategies and solutions offered by the WSTCM division. Depending upon the particular investment objectives and risk tolerance of a client, WST may utilize one or more or all of the strategies in an effort to achieve the client's investment objectives and, depending upon what we may consider adverse market conditions, we may, in our discretion, fully invest a client's assets in this service in money market funds, gold funds or investment grade fixed income funds as a defensive strategy. These strategies involve various levels of risk. First, we may not be successful in implementing the strategy thus resulting in investment losses and, second, the particular strategy may not work as planned with the potential for missing out on beneficial movements in price due to an error in timing.

The long-term objective of each WST Capital Management strategy is to achieve risk-adjusted returns that exceed those of comparable buy-and-hold strategies, primarily by reducing the experience of volatility that affects markets. Certain strategies incorporate various sub-strategies that generate buy/ sell signals based on a range of factors that comprise trends we believe are correlated to asset class performance. The models are designed to issue signals based on each strategy and attempts to limit losses during declining markets and to participate in rising markets. The strategies shift investments among money market funds and

multiple asset classes through investments in actively managed and/or passive equity and fixed income mutual funds or exchange traded funds. Portfolio allocations may be rebalanced at WST's discretion. Each of the WST Capital Management strategies have varying degrees of investment risk that are unique to that particular strategy as disclosed to clients via the WST Capital Management marketing presentations.

Wilbanks, Smith & Thomas Asset Management, LLC acts as general partner and investment adviser to private funds. Other expenses may be incurred by the private funds and its limited partners such as the costs of buying and selling securities, audits, compliance and other administrative fees.

WST offers investment advice to retirement plans such as 401(k) plans and other retirement plans or related entities regarding the type of securities or investments which should be included as investment options for the plan participants. We also offer various allocation strategies and investment advice to individual plan participants based upon the participant's particular investment objectives which include the use of various retirement resource platforms offering, among other investments, a selection of mutual funds offered by a variety of mutual fund complexes.

Retirement Rollovers Conflict of Interest: When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and

WST may also recommend the potential investment by clients in privately held entities such as illiquid alternative investments, hedge funds, etc. consistent with the client's investment objectives. Some of our employees and principals may also be investors in these entities. This may present a conflict of interest which we address by full and fair disclosure to our clients.

WST provides strategic and business consulting services as well as other financial advice to clients upon request generally on matters not related to investments in securities.

WST will also provide research information and analysis on its own investment styles and strategies to other investment advisory firms and other institutions which these firms may use to provide services to their clients.

Non-discretionary investment management services are available on a limited basis although our focus is discretionary investment management services.

Our wealth management services include asset allocation, investment management, financial and retirement planning and net worth/cash flow planning.

Client accounts may be managed directly by WST or through the use of other investment management firms, referred to as “subadvisors,” which we will retain to manage all or a portion of your assets on a subadvisory basis on a fully discretionary basis subject to limitations imposed by the client’s investment objectives and other regulatory limitations.

Our services and processes are designed to determine and address our individual clients’ overall wealth management needs with a focus on coordination and implementation of the client’s overall investment and retirement needs. This process involves the use of a detailed confidential investor profile designed to collect information as to the client’s investment and financial circumstances and objectives, time horizon expectations and risk tolerance as well as the collection of certain key financial documents as well as meetings with our clients and discussions in some instances with their professional advisers. The client may also impose restrictions on our ability to implement particular types of investments on its behalf if that is the client’s preference as part of the process. We then prepare a written investment policy/asset allocation policy for the client upon request based upon the information collected. We do not provide legal, tax, or accounting advice or services and you should not assume that we are providing you such services at any time. Also, you should understand that, generally speaking, securities or other investments for which we provide advice to you are not deposits or obligations of any bank, are not endorsed or guaranteed by any bank and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency and that neither WST nor any of its affiliated companies is a trust or banking institution.

WST has entered into “wrap fee” arrangements sponsored by LPL Financial Group and Kovack Advisors, Inc., which are unaffiliated with WST. Also, some of our clients may be involved in other such arrangements with brokerage firms or other companies which sponsor such arrangements. Under a wrap fee arrangement, a brokerage firm or other company may recommend retention of WST to manage all or a portion of your assets; pay us our fee for our services; monitor and evaluate our services in managing your assets; execute securities transactions which we implement on your behalf; and provide you with custodial services for your assets, or the brokerage firm or other company may provide any combination of these services, for a set fee to be paid by you to the brokerage firm or other company. Under a wrap fee arrangement, your assets would be managed by us in the same manner as assets managed by us for our clients not in a wrap fee arrangement, although this would be subject to your particular investment needs and objectives and we may have limited or minimal contact with you where the brokerage firm or other company maintains the direct and primary relationship with you. You should understand that,

depending upon the amount of the wrap fee the brokerage firm or other company charges you, the number of securities transactions in your account, the value of custodial or other services you will receive under the arrangement, the amount of the wrap fee may not be less than the total cost for such services added together if obtained separately. As a result, such arrangements may not be suitable for all clients based on the client's individual financial circumstances and investment goals. You can find more specific information on each wrap fee arrangement in the Wrap Fee Program Brochure, which should be available to you from the wrap fee arrangement sponsor. WST does not act as a sponsor of any wrap fee arrangements.

The principal owners of WST are Wayne Wilbanks, who is President, Thomas Investment Properties, LLC and Rosemont. The amount of client assets we manage as of December 31, 2022, is \$4,710,242,994 on a discretionary basis and \$44,293,571 on a non-discretionary basis.

Item 5-Fees and Compensation

WST is typically compensated for its investment advisory services by charging you a management fee based on the market value of your assets under our management based upon the fee schedule set forth below:

Equity/Balanced/Fixed Income Accounts

- 1.00% on the first \$5 million
- .75% on the next \$5 million
- .50% above \$10 million

WST's management fee for strategies offered through the WST Capital Management platform, as described in the section on Advisory Business above, is 1.0%.

Fees are typically billed quarterly in arrears based upon the market value of the assets at the end of the preceding quarter, except for certain manually priced securities which may be valued on a more infrequent basis. In this instance, a valuation other than the end of the preceding quarter may be used for fee billing purposes, including holding the security at cost. Fees are typically billed on cash and cash sweep instruments but not typically billed on assets designated as unmanaged. Certain legacy accounts may be billed differently than current client accounts. Private and alternative investments will generally be valued at cost, unless the General Partner or Investment Manager provides Advisor with material that clearly, in the Advisor's reasonable discretion, demonstrates a market value higher or lower than its cost, in which case such securities will be valued at such higher or lower amount as reasonably determined by the Manager. If your relationship with us begun or ended during a calendar quarter, your fee will be prorated for the appropriate number of days completed or remaining in the quarter and, where applicable, you will be issued a refund for any portion of your quarterly fee paid in advance (such as in a wrap fee arrangement) which was unearned.

We may negotiate the amount of your fee depending upon circumstances including but not limited to account composition and complexity, other client, employee or family relationships, etc. which may result in different fees being charged by us for client accounts similar in composition and objectives. Our employees and their family related accounts may be charged a reduced fee, or no fee, for our services.

You may pay your fee to us directly upon receipt of an invoice from us or you may authorize your custodian to allow us to directly debit our fee from your account or accounts. If you choose the latter method, your custodian will not confirm our fee but will pay the amount based on the fee amount communicated to the custodian by us and send it directly to us. You will receive a periodic statement from your custodian which will include the amount of the fee which has been sent to us. You should confirm the accuracy of our fee calculation upon receipt of your custodian's statement.

The fees you pay us do not include brokerage commissions or other fees or charges associated with securities transactions implemented with or through a brokerage firm, mark-ups or mark-downs in principal transactions, deferred sales charges, odd-lot differentials, stock exchange fees, wire transfer or related processing fees, transfer taxes or other charges mandated by law or regulation all of which will be charged to you in addition to our fee. We do not receive any portion of any of the foregoing expenses or fees. You should go to the section on Brokerage Practices in our brochure for more information on how we select or recommend brokerage firms for your securities transactions and information related to that process.

Our fee for our consulting services and investment advisory services for retirement plans and participants, as described above in the section on Advisory Business, may be negotiated on a case by case basis.

You should understand that mutual funds (including exchange-traded funds) impose separate investment management fees and other operating expenses, typically described in the fund's prospectus, for which you, the client, will be charged separately from the fee paid to us for our services.

WST serves as the investment adviser to a mutual fund that's part of WST Investment Trust, WSTCM Credit Select Risk-Managed Fund. Please refer to the section on Other Financial Industry Activities and Affiliations in this brochure for more information on the fund and their fees and expenses.

Unless provided otherwise, we will typically pay for the services of any sub advisor retained to provide asset management or research services directly out of our fee that we collect from you. Generally, any such sub advisors will receive a fee, based upon a percentage of the market value of your assets, for which the sub advisor is providing services, ranging 40% to 60% of the fee we receive from you for our services.

As we discussed in the section on Advisory Services in our brochure, we have entered into "wrap fee" arrangements with certain brokerage firms or other companies where you pay the brokerage firm or other company an agreed upon fee for investment management by us or other investment advisory firms such as us brokerage commissions, custodial services and possibly consulting services. We receive a portion of the

“wrap fee” you pay the brokerage firm for our services. Our portion of the fee generally ranges from 25 to 60 basis points of the assets we manage depending upon our arrangement with the brokerage firm or other company that sponsors the wrap fee arrangement.

WST also serves in a sub advisory role or research provider for investment management firms, some of which may be affiliated with us or other institutions. Please refer to the section on Other Financial Industry Activities and Affiliations below for more information. The fees we receive for these arrangements generally range from 25 to 100 basis points of the client’s assets for which the service is being provided.

We primarily recommend “no load” mutual funds and exchange traded funds for our client portfolios, which are mutual funds, sold without a commission or sales charge.

Clients should be aware that similar or comparable services may be available from other firms including other investment management firms at a cost higher or lower than that available through us.

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

This section does not apply to Wilbanks, Smith & Thomas Asset Management, LLC.

Item 7-Types of Clients

Our clients include individual persons, banks or thrift institutions, pension and profit sharing plans, 401(k) plans, Taft-Hartley organizations, trusts, estates, endowments, charitable organizations and foundations, corporations or similar business entities, governmental entities, investment companies and other pooled investment vehicles. Generally, our minimum account size is \$1,000,000 although this may be waived based on considerations, such as the account’s relationship to established clients and other factors.

Item 8-Methods of Analysis, Investment Strategies and Risk of Loss

Our investment committee is the clearinghouse for the origination, research, and implementation of investment ideas. Committee discussions are wide ranging and committee members are encouraged to bring new ideas to the table. Our research universe includes hundreds of funds, stocks, and bonds, all of which are closely monitored by our analyst team and research committee. WST researches and monitors individual companies as well as actively managed mutual funds/managers, index funds/passive funds and ETF’s. The portfolio managers and research analysts work together to analyze and identify companies and funds which are suitable for inclusion in client portfolios.

We use several methods of investment analysis and investment strategies to provide services to our clients. Our methods of investment analysis include fundamental analysis which is the analysis of a company’s financial statements, its management, competitive advantages, markets, etc.; cyclical analysis

which involves the buying and selling of investments when certain financial ratios are low or high; and technical analysis which is the analysis of a company by studying past market data such as price and volume.

Our investment strategies include, depending upon the client's objectives, long term purchases (securities generally held for at least a year); short term purchases (securities generally held for less than a year); short term trading (securities generally bought and sold within thirty days); and short sales (a technique which seeks to gain from an anticipated decline in the price of a company's securities).

The use of stock options (securities which provide the investor with an opportunity to purchase another security or property at a specified price over a stated time) and margin transactions (buying securities with borrowed money used to magnify returns—margin refers to the equity in the investment) are available on a limited basis, but only if requested by the client.

We also use our WST Capital Management strategies, which are described in more detail in the section on Advisory Business above.

Strategies such as short sales and the use of stock options and margin transactions carry a higher risk of market losses, which can result from unanticipated movements in the market price of the underlying security being used in the strategy.

The securities we use in our investment strategies and investment advice include equity securities such as exchange-listed securities; securities traded over the counter and foreign issues; warrants; debts; securities of corporations and similar entities; commercial paper; certificates of deposit; municipal and government securities; investment company securities including variable life insurance, variable annuities and mutual fund shares including exchange traded funds; options on securities and commodities; futures contracts; and interests in real estate and oil and gas partnerships. We also offer advice, on a limited basis, related to direct real estate investments and private alternative investments such as hedge funds (which generally refers to a wide range of private restricted investments that can vary substantially in terms of size, strategy, business model, and organizational structure) and private equity funds (private restricted funds that make investments directly into private companies or conduct buyouts of public companies). WSTAM typically charges an asset-based fee for these types of alternative investments that is based on the fee stipulated in the investment advisory agreement related to the client's account. Private and alternative investments will generally be valued at cost, unless the General Partner or Investment Manager provides Advisor with material that clearly, in the Advisor's reasonable discretion, demonstrates a market value higher or lower than its cost, in which case such securities will be valued at such higher or lower amount as reasonably determined by the Manager.

Investing in securities involves the potential risk of loss in the value of the securities both in the amount invested in the securities as well as any profits, which have not been realized by selling the securities. You should be prepared to bear the risk of such losses. The degree of risk depends upon the type of security or strategy involved. Adviser communications discussing private or alternative investments are meant to be used for informational purposes only and investors should rely only on the offering

memorandum for details regarding the investment. Any private or alternative investment has the potential for great risk and the opportunity for complete loss of the initial investment. WST receives no commissions on the placement of private or alternative investments. The investor should review all the documents from the manager of the alternative investment and not rely on discussions of the investment with WST representatives. As with any private or alternative investment, there is no pressure to invest and WST wants to make sure the investor has had a chance to review in case there is interest. For any private or alternative investment with limited capacity, WST will ensure all clients have filled their investment allocations, as suitable, before any WST personnel may invest alongside clients.

Item 9-Disciplinary History

This section does not apply to Wilbanks, Smith & Thomas Asset Management, LLC or any of its employees.

Item 10-Other Financial Industry Activities and Affiliations

WST serves as the investment adviser to the mutual fund of WST Investment Trust, which includes the WSTCM Credit Select Risk-Managed Fund (“WSTCM Fund”). Generally, most separately managed account clients of WST will be invested in individual ETFs, equities or fixed income securities. However, there are times when due to account size, portfolio allocation determinations or other circumstances a mutual fund is a more appropriate investment vehicle for the client. Under these circumstances, WST may recommend, or will directly invest in, on the client’s behalf, one or more WSTCM Funds. This may be part of the client’s separately managed account or it may be in an account that is exclusively invested in the WSTCM Fund. This may present a conflict of interest for WST, its officers, directors, owners or employees due to the affiliation with the WSTCM Fund which may create a financial incentive for any such recommendation or investment on behalf of the client. We address this conflict by full and fair disclosure to our clients.

Clients who invest in the WSTCM Fund will pay the respective fees of the WSTCM Fund; however, to the extent WST invests client assets in the WSTCM Fund, WST will waive any separate account management fees that would otherwise be payable to WST on such assets. WSTCM Fund’s specific fees are discussed in its prospectus, which is available on the WSTCM Fund’s website at www.wstcmfunds.com or by calling 866-515-4626. Please refer to the prospectus for the WSTCM Funds for important and more detailed information on each Fund.

WST is affiliated with certain entities based on common ownership interest through one of our owners, Rosemont; however, WST does not have a relationship or arrangement with any of the affiliated firms which is material to our business or to our clients.

Lafayette Advisors, LLC is a registered investment adviser, which is affiliated through ownership with WST. WST has been retained to manage the assets of certain collective investment funds for which Lafayette Advisors, LLC acts as the investment adviser. Some of our owners, officers, directors or employees are also owners, officers, directors or employees of Lafayette Advisors, LLC, and we share

office space with Lafayette Advisors, LLC. We may recommend the advisory services of Lafayette Advisors, LLC to our clients. This presents a conflict of interest since our owners, officers, directors or employees who also have an ownership interest in Lafayette Advisors, LLC will have a financial incentive to recommend the advisory services of Lafayette Advisors, LLC. We address this conflict of interest by full and fair disclosure to our clients. Additional information about Lafayette Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

WST also sponsors multiple private investments funds including, WST Income Fund I, LLC, WST Income Fund II, LLC and Legacy SSN SPV, LLC. The Manager of each of these funds is wholly-owned by WST. The objective of these funds is generally to provide investors with both current income and capital appreciation through its investments in real estate-related or other investment opportunities. The funds are subject to various conflicts of interest arising out of its relationships with WST as the Manager. Because the Funds are organized by the Manager and will be operated by the Manager, these conflicts may not be resolved through arm's length negotiations between disinterested parties, but through the exercise of the Manager's judgment consistent with its fiduciary responsibilities to the Fund. Further, some of our owners, officers, directors or employees are investors in these funds.

Item 11-Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

WST has adopted a written Code of Ethics under which all of our full time employees are generally restricted from effecting transactions in securities for their personal accounts absent written pre-approval by our chief compliance officer or designee in order to seek to avoid conflicts of interest with transactions being effected in client accounts. Our employees may buy or sell the same securities that we recommend that our clients invest in or that we purchase or sell on our clients' behalf. This presents a conflict of interest between our employees' own financial interest and the best interest of our clients. We have addressed this conflict of interest by imposing trading restrictions under the Code of Ethics which include restrictions on investment activity occurring in, or being contemplated for, our clients' accounts as well as certain restrictions on short term trading (transactions in the same security within a thirty-day time frame).

Pre-approval must also be obtained by employees before investing in a private placement of securities. Our employees are required to submit quarterly reports relating to their personal transactions and an annual report of their personal securities holdings to us. Our Code of Ethics also contains policies and procedures which are intended to prevent the misuse of material non-public information. A copy of our Code of Ethics is available to you upon request by contacting us through the contact information provided on the Cover Page of this brochure.

Item 12-Brokerage Practices

The following list is representative (but not exhaustive) of those factors WST considers in selecting or recommending brokerage firms for your transactions and in determining the reasonableness of the compensation or other remuneration paid to the brokerage firms:

- Trade Implementation Costs
- Market Liquidity Provided

- Confidentiality of Trading Intentions
- Investment Styles (compatibility between us and the brokerage firm)
- Trade Error Resolution Process
- Financial Stability
- Ability to Execute Difficult Trades
- Other Factors Which May Be Identified By Us From Time To Time

We have established an Execution Quality Committee, which periodically reviews our brokerage practices, and the reasonableness of compensation or other remuneration paid to brokerage firms, and monitors our efforts to seek best execution of client transactions.

Research and Other Soft Dollar Benefits: Where more than one brokerage firm satisfy our criteria, preference may be given to brokerage firms which provide us with certain brokerage and research services and products as allowed under Section 28(e) of the Securities Exchange Act of 1934. As granted under 28(e), WST may use certain brokerage firms to execute client transactions even though the

commissions or similar costs for particular transactions may be higher than the commissions or costs incurred by using other brokerage firms which do not provide WST with these brokerage and research services or products. Payments to brokerage firms for such services through commission revenue rather than direct cash payments are referred to as “soft dollars.” We will make a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage and research services or products provided by the brokerage firm(s) which we consider to be a significant benefit to our clients. We may use these brokerage and research services and products to benefit all of our clients’ accounts, not just those whose transactions may pay for the services.

The brokerage and research services or products we may receive under the arrangement described above include general investment research.

The use of client brokerage commissions or similar costs for transactions to obtain brokerage or research services and products presents a conflict of interest to us because we would not have to internally produce the service or product or purchase them directly elsewhere. This also means that we would have a financial incentive to select or recommend brokerage firms which provide us such brokerage and research services or products rather than based on a consideration of the lowest commission cost to our clients. To address these conflicts as applicable, WST has a commission review process in place to review the reasonableness of commission amounts and rates used to obtain brokerage and research services and products described above. This review is conducted during meetings of our Execution Quality Committee. WST currently receives soft dollar benefits from Bloomberg and Charles Schwab. Regarding our relationship with Charles Schwab, please see the additional disclosures below.

Charles Schwab & Co., Inc.: We may recommend or require that clients establish brokerage accounts with Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, which is a qualified custodian, to maintain custody of their assets in a brokerage account maintained by Schwab and to effect trades for their accounts. Although we may recommend or require that clients establish accounts at Schwab, it is the client’s decision whether or not to custody assets with Schwab, and even

though a client's account may be maintained at Schwab, WST can still use other brokers to execute trades for your account. The client will enter into an agreement directly with Schwab in order to establish a brokerage account with Schwab. WST is independently owned and operated and not affiliated with Schwab.

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. These trades may be initiated by us on the client's behalf or by the client directly. For some accounts, Schwab may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab's commission rates or other fees applicable to our client accounts were negotiated based on our commitment to maintain at least \$10 million of our clients' assets in accounts at Schwab. WST believes this commitment benefits you because the overall commission rates or other fees you pay are lower than they would be if we had not made the commitment. In addition to the commissions or other fees, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that WST executes through a broker-dealer different from Schwab provided the securities bought or the funds from the securities bought or sold are deposited (settled) into your Schwab 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 trading costs for our clients' accounts that are maintained at Schwab, we have Schwab execute most trades although we may "trade-away" certain client accounts, whether held by Schwab or at another custodian, when we have determined that a trading opportunity meets a particular client's circumstances and needs or when a broker does not have specialization in certain securities types and inventory selection. We consider these factors and other factors listed above when placing trades and when reviewing broker-dealers in Execution Quality Committee meetings.

Schwab Advisor Services (formerly called Schwab Institutional) also provides us and our clients with access to its institutional brokerage –trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab 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. Schwab's support services are generally available on an unsolicited basis (we do not have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, they may charge us quarterly service fees.

Schwab's support services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which WST might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit the client and the client's account.

Schwab also makes available to WST 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, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not

maintained at Schwab. In addition to investment research, Schwab also makes 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; and assist us with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include educational conferences and events; technology, compliance, legal, and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of the third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Schwab has provided and may in the future provide services to WST including covering all or part of the cost of conferences, events, software, and compliance reviews.

The availability of these services from Schwab benefits WST because we do not have to produce or purchase them. We do not have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend or require that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based 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 our selection of Schwab as custodian and broker is in the best interests of our clients based primarily upon the scope, quality and price of Schwab's services and not Schwab's services that benefit only us. We have in excess of \$10 million in client assets under management, and do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Directed Brokerage: WST will execute transactions through a particular brokerage firm as a result of your decision to direct us to execute transactions through a particular brokerage firm or as a result of your decision to participate in a "wrap fee" arrangement in which case trades are generally executed through the brokerage firm with which you have entered into the "wrap fee" arrangement. In this situation, you will be responsible for negotiating the commission rates you pay, not us. You should be aware that our inability to negotiate commissions, obtain volume discounts and that best execution may not be achieved for transactions in your account(s). As a result, transactions in accounts directed by you to a particular brokerage firm may result in higher commissions, greater spreads or less favorable net prices than would

be the case if we were authorized to choose the brokerage firm through which to execute transactions for your account(s). You should also be aware that disparities in commission charges for similar transactions in accounts in different clients of ours may exist and that there is a conflict of interest arising from such directed brokerage practices.

You should be aware that transactions for accounts which we have been instructed by you to direct to a specified brokerage firm may be placed subsequent to transactions we enter for client accounts where we determine the brokerage firm through which to execute transactions for clients. This may result in less favorable execution for those accounts where we have been instructed by you to direct trades to a specified brokerage firm for execution.

You should be aware that you have brokerage options which you should consider other than instructing us to direct to your transactions to a particular brokerage firm including the use by us of other brokerage firms we determine to use for execution of client transactions possibly at a lower commission cost and that this option may be available through us.

Blocked Transactions: We may group or block orders from time to time for the same security for more than one client account in order to more effectively execute the orders. This is what is known as a “block transaction”. This process can create trading efficiencies, prompt attention to the order and improved price execution since the block transaction may be executed at various prices but averaged as to price. Therefore, clients whose transactions are part of the block transaction will receive the same average price and trading costs. Where such block transactions are not fully executed, we will seek to allocate the executed portion of the block transaction on a basis which we consider fair to our clients over time. Generally, this will mean a pro rata allocation or allocation on a rotational basis although we may, in certain circumstances, allocate purchases or sales on some other basis, after consideration of factors such as taxability of the account, cash available for investment, asset mix of the account, objectives and restrictions of the account, company and industry concentrations, broker designations specified by the client, size of the execution versus the total order size, and partial positions versus full positions. Trade Errors: Errors in executing client transactions may occur from time to time which we will seek to correct on a timely basis so that you will not incur a loss or other costs as a result of any such errors. Any loss or costs incurred as a result of the correction of such errors will be borne by us or by your broker/custodian while any market gains result from the correction of such errors will usually be retained by your broker/custodian or by you.

Item 13-Review of Accounts

Our clients’ accounts are reviewed on a periodic basis by the individual portfolio manager with primary responsibility for the particular account. In addition, our Investment Committee meets weekly to monitor and revise as needed WST’s products, models, sector weightings and economic or market trends. Factors which may trigger more frequent reviews include change in client investment objectives or circumstances such as retirement or a large contribution or withdrawal to or from an account, significant developments or events specific to a particular security held in the account, or significant market, economic or political developments.

We will provide you written reports concerning your account(s) with us on at least a quarterly basis unless requested otherwise by you. These quarterly reports may include details of the date of purchase and cost basis for each security as well as market value and income yield and the current and historical performance for the account, separated by asset classes and possibly grouped with other accounts related to you. The report you receive from us may track all activity including income earned, contributions, withdrawals and capital gains. For certain clients who pay by check, this report will also include an invoice for our quarterly fee. If you are involved in a wrap fee arrangement as described in the section on Advisory Business, you may receive reports including those assets of yours for which we are providing services directly from the brokerage firm which created the wrap fee arrangement. You should also receive written reports directly from your custodian concerning your account(s) which generally contain information relating to all transactions and other account activity.

Item 14-Client Referrals and Other Compensation

We may from time to time enter into written agreements with other persons or companies who refer potential clients to us in exchange for a referral or solicitor fee which typically is a percentage of the fee we receive from the referred client for our services. This means that the persons or companies who refer potential clients to us as described will have a financial interest in your selecting us to provide you services. If you are referred to us through an arrangement like this, you will receive a written document which will disclose that we have an arrangement with the solicitor, any affiliation between us and the solicitor, and a description of the compensation the solicitor will receive from us if you establish an account with us. The fee we charge you for our services will not be increased as a result of our use of these referral arrangements.

Charles Schwab & Co., Inc.: Under a prior agreement, we previously received client referrals from Charles Schwab & Co., Inc. (“Schwab”) through our participation in Schwab Advisor Network® (the “Service”). While the prior agreement is no longer in place, pursuant to the terms of our relationship with Schwab, we do continue to service clients previously referred through the Service. The Service was designed to help investors find an independent investment advisor. Schwab is a brokerage firm independent of and unaffiliated with us. Schwab does not supervise us and has no responsibility for our management of your assets or our other advice or services. Under this prior agreement, we paid Schwab fees to receive client referrals through the Service. Our participation in the Service may raise conflicts of interest as described below.

We pay Schwab a Participation Fee on all referred client accounts that are maintained in custody at Schwab and Non-Schwab Custody Fee on all client accounts that are maintained at, or transferred to, another custodian. The Participation Fee is a percentage of the fees the client pays us or a percentage for the value of the assets in your account, subject to a minimum Participation Fee. We pay Schwab the Participation Fee for so long as the referred client’s account remains in custody at Schwab. The Participation Fee is charged to us quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by us and not by you. We have agreed not to charge clients referred through the Service fees or cost greater than the fees or costs we charge clients with similar accounts with us who were not referred to us through the Service.

We generally pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in your account are transferred from, Schwab. This Fee does not apply if the client was solely responsible for the decision to not maintain custody at Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees we generally pay in a single year. Thus, we will have an incentive to recommend that your accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of our clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have an incentive to encourage household members of our clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from your account.

Clients of ours who maintain custody of their accounts at Schwab will not be charged separately for custody but Schwab will receive compensation from our clients in the form of commissions or through transaction related compensation on securities transactions executed through Schwab. Schwab also will receive a fee (generally lower than the commissions on transactions it executes) for clearance and settlement of transactions executed through brokerage firms other than Schwab. Schwab's fees for transactions executed at other brokerage firms are in addition to the other brokerage firm's fee. Thus, we will have an incentive to cause transactions to be executed through Schwab rather than through another brokerage firm although we understand we have a duty to seek best execution of our clients' transactions. Transactions for client accounts maintained in custody at Schwab may be executed through a different brokerage firm than trades for our other clients so transactions in accounts maintained in custody at Schwab may be executed at different times and different prices than transactions in client accounts that are executed at other brokerage firms.

We may also compensate our employees, including our portfolio managers, who refer potential clients to us for our services. Thus, the employee will have a financial interest in the selection of WST by the client for investment management services.

Please refer to the section on Brokerage Practices in our brochure for information on other economic benefits we may receive for providing services to you.

Item 15-Custody

WST clients will receive account statements directly from your custodian on at least a quarterly basis although you may receive them on a monthly basis. You should carefully review these statements and compare these statements to statements you receive from us for any discrepancies. You should also remember that the statements you receive from your custodian are your official record of your accounts and assets for tax purposes.

WST is deemed to have custody of certain assets based on a number of arrangements with its clients. One of those factors includes where the client has authorized us to directly debit its management fees from the

client's custodial account. Nonetheless, all assets held in all of our client accounts are maintained separately with an independent qualified custodian.

Item 16-Investment Discretion

We will accept discretionary investment authority over your assets if you agree to such an arrangement. This is typically accomplished through execution of a limited trading authority contained in your client agreement with us or through similar authority contained in a wrap fee arrangement you may execute with the brokerage firm which established the wrap fee arrangement. When executing your client agreement with us, you can further limit the extent of discretionary investment authority to be granted to us although this may impact the level of services we can provide you. You may also place restrictions on our authority such as instructions not to make investments in certain industries or to not sell certain investments you may have due to possible adverse tax consequences to you.

Item 17-Voting Client Securities

You should understand that we will not vote proxies or render any advice on proxies solicited by or with respect to certain investments in your account except as otherwise required by, or by us with, the particular account in which case our general voting policy is to vote with the management recommendations of the particular company as well as other pre-determined voting guidelines. Required records will be maintained. We will not forward you any proxy or litigation materials we receive, electronically or otherwise, inadvertently and you should contact your custodian directly and instruct it to make arrangements for your proxy or litigation materials to be forwarded directly to you or your representative.

Item 18-Financial Information

This section does not apply to Wilbanks, Smith & Thomas Asset Management, LLC as we have never filed for bankruptcy nor are we subject to any financial conditions which could impair our ability to meet our obligations to you.