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**StephensChoice**

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Website: [www.stephens.com](http://www.stephens.com).

March 31, 2026

Uniform Application for Investment Advisor Registration

This wrap fee program brochure provides information about the qualifications and business practices of Stephens Inc. If you have any questions about the contents of this brochure, please contact us at [877-891-0095](tel:877-891-0095) or [www.stephens.com](http://www.stephens.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.

Additional information about Stephens Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Stephens Inc. is a registered investment adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

## **Item 2 Material Changes**

This is an annual amendment to the StephensChoice wrap fee program brochure. This section identifies and discusses material changes since the last annual update dated March 31, 2025. For more details, please see the item in this brochure referred to in the summary below.

Disclosure was added to Item 6 regarding the risks of using artificial intelligence and Stephens' efforts to mitigate such risks.

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## **Item 4 Services, Fees and Compensation**

Stephens Inc. ("Stephens") is an Arkansas corporation which registered with the Securities and Exchange Commission ("SEC") as a broker-dealer in September 1946. Stephens registered as an investment advisor with the SEC on September 19, 1980, and began providing investment advisory services at the time.

Stephens is a full service broker-dealer and investment bank. In addition to being registered with the SEC, Stephens is a member of the Financial Industry Regulatory Authority ("FINRA"), the New York Stock Exchange, Inc. ("NYSE"), the NYSE American LLC ("NYSE-AMEX"), the Municipal Securities Rulemaking Board (MSRB), the Investors' Exchange LLC ("IEX") and the Securities Investor Protection Corporation ("SIPC"). Stephens derives greater revenues from its broker-dealer and investment banking activities than it derives from its investment advisor activities. Affiliates of Stephens are also separately engaged in financial services businesses, including merchant banking, insurance and investment advisory businesses.

### **StephensChoice Program**

The StephensChoice Program ("SC") is a platform designed by Stephens to assist qualified retirement plans or other deferred compensation programs ("Plan" or "Client") with establishing an appropriate line-up of "no load" or "load waived" mutual funds chosen through Stephens' process of selection of mutual funds representing a range of designated asset classes to achieve appropriate asset allocation portfolios for the investment of plan assets.

#### **Mutual Fund Strategy**

The SC standard line-up is comprised of one or more actively managed mutual funds and/or passive index funds representing each asset class included in the SC program. Stephens establishes and communicates to the Plan Sponsor and/or Trustee such investment line-up and, if chosen by the Plan Sponsor and/or Trustee, a menu of five asset allocation models (each, an "SC Model") for differing risk profiles.

Stephens provides ongoing investment selection, monitoring, fund replacement, investment performance measurement and quarterly reporting throughout the life of the account. In addition, periodic rebalancing is provided in certain accounts which are introduced to our clearing broker-dealer Pershing and custodied at Pershing. Services are provided pursuant to a Plan Services Agreement described below.

#### **For Plan Sponsor/Trustee Directed Accounts**

Based on individual consultations with the Plan Sponsor and/or Trustee and a risk tolerance questionnaire, one of the five SC Models will be chosen for each trustee-directed account or for segregated participant accounts. The selected SC Model is intended to reflect the investment objectives, risk tolerance and investment time horizon communicated to Stephens by the Plan Sponsor and/or Trustee. Following the selection of the SC Model, Stephens will initiate and execute the transactions that are required to invest the account in accordance with such SC Model's asset allocation. Best execution is sought for all transactions.

### **Participant Directed Accounts**

For Plans with participant directed accounts, the Plan Sponsor and/or Trustee makes the determination to use the SC line-up of funds, which Plan participants may elect to use in their individual accounts. If requested, Stephens will conduct group education and enrollment meetings to educate participants on the investment options in the Plan. Following initial enrollment, Stephens is available to communicate with individual Plan participants on an as needed basis, for educational purposes about their Plan account.

### **SC Strategy Changes**

Stephens may periodically change the mutual funds representing any asset class in the standard SC line-up of funds or add or eliminate asset classes from the standard SC platform line-up. Stephens communicates such changes in the standard line-up to the Plan Sponsor and/or Trustee. The Plan Sponsor and/or Trustee has discretion to adopt or decline such changes, unless Stephens has been designated as a 3(38) fiduciary.

### **Fees**

Fees for the SC program will be billed to the Plan Sponsor and/or Plan Trustee or deducted from Client's Plan participants' account assets. Stephens collects fees from the Client's account(s) quarterly in arrears. In accounts for which Pershing acts as custodian, rates are set forth in the Plan Service Agreement and based on the daily average value of the assets in the account(s) for that calendar quarter. If the Client uses a custodian other than Pershing, Stephens' fee will be collected by the outside custodian and may be based on a different quarterly accounting method.

The SC program is a "wrap fee program" in which the Client pays a single fee for investment advisory services and related services, which unless otherwise provided will include executions, custody and clearing charges. Fees for other services, such as administrative or transfer fees, will be charged at Stephens' standard rates in addition to the wrap fee.

Additionally, fees charged by the mutual funds included in each Client's portfolio will be borne by the Plan or Plan participant. Mutual funds typically charge an expense ratio to pay for portfolio management, administration, marketing, distribution, and other expenses. Additionally, many mutual fund companies impose (among other fees) short-term trading fees with respect to any purchase and redemptions of fund shares effected within a time frame designated by the mutual fund company (such as but not limited to sixty (60) or ninety (90) days). Mutual fund companies may also impose other fees from time to time. Any fees imposed by any mutual fund company with respect to SC account assets will be charged to the account, whether resulting from fund transfers, withdrawals, rebalancing transactions, or other transactions in the account. Accounts that elect to use third-party custodians or third-party brokerage services will bear the costs of such third party services in addition to the fees payable to Stephens.

The services provided under the Plan Service Agreement contemplate that the Plan Sponsor and/or Trustee will invest plan assets in investment company securities ("Mutual Funds"). Individual Mutual Funds may pay fees to Pershing as a result of these investments if Pershing is custodian. The existence and amounts of such Mutual Fund fees is more fully described in the fund prospectus for each Mutual Fund in which Client assets may be invested. These fees will be passed through to the Plan Sponsor and/or Trustee's account and/or the Plan participant's account and will be

reinvested in the account, or if Pershing is not the custodian, as described in the Agreement with the third party custodians and administrators.

**Fee Schedule**

**Annual Account Fee:**

	<b>Contract Assets</b>	<b>Asset Charge Scale</b>
First	\$1,000,000	0.85%
Next	\$1,000,000	0.70%
Next	\$1,000,000	0.50%
Next	\$2,000,000	0.30%
Next	\$5,000,000	0.10%
Over \$10 Million*		

\*Fees Negotiated on Assets in Excess of \$10,000,000.

The annual fee percentage is based on the projected assets at the end of the year. The fee percent will remain constant through the year unless actual assets significantly increase or decrease and an adjustment is mutually agreed upon by the Plan and Stephens Capital Management.

The percentage fee is applied to the average daily asset value for the calendar quarter and billed or deducted from plan assets following the quarter end, if Pershing is acting as custodian. If Pershing is not acting as custodian, the fee may be based on a different quarterly accounting method.

Any payments received by Stephens Inc. and/or Pershing from any mutual fund company based on assets held in the Plan will be credited to the account. Any payments received by a third party custodian from any mutual fund company based on assets held in the Plan will be also rebated to the account or as described in the Agreement between the custodian and Plan.

Any revenue that the firm realizes in connection with an advisory account is typically credited back to the Plan.

**Is a Wrap Fee Arrangement for you?**

The SC program is a “wrap fee program” in which the Client pays a single fee for investment advisory services and related services, which unless otherwise provided will include executions, custody and clearing charges. See the section entitled, “Other types of Fees and Expenses Clients May Pay” for additional details. The wrap fee is charged according to the Fee Schedule as described in the previous section.

The SC wrap fee program may cost the Client more or less than purchasing such services separately depending upon such factors as trading activity, account size and investment adviser minimums for non-wrap accounts. We encourage you to carefully consider your options in establishing or maintaining an advisory fee-based account. As a general matter, a fee-based advisory

account approach may be considered appropriate for customers who rely on investment advice or investment management services or who engage in moderate to high levels of trading activity. A fee-based approach can be more economical for customers who engage in active trading, since the price per trade is reduced as the number of trades increases under a fee-based approach. However, fee-based advisory account arrangements may not be appropriate for customers who rely primarily on their own independent resources and judgments for making their investment selections and decisions and do not wish to purchase advisory services. Customers who engage in a lower level of trading activity might prefer a traditional brokerage account with a commission payable on each transaction, particularly if the customer typically does not utilize advisory services for trading decisions, as transaction cost savings might be realized in the context of a traditional pay-per-trade commission structure.

Typically, a portion of any revenue that the firm realizes in connection with an advisory account will be included in the calculation of the compensation to be paid by the firm to the investment advisory account representative; and, therefore, the investment advisory account representative will experience conflicts of interest similar to those experienced by the firm.

### **Collection of Fees**

Stephens, through Pershing, is authorized to deduct from the account each quarter in arrears the amount of the total quarterly wrap fee as described in the Plan Services Agreement, and the other fees if any, applicable to Client accounts for such calendar quarter. For accounts not held at Pershing, the Plan's outside custodian will debit Stephens' fee per the agreement between the Plan and the outside custodian. Alternatively, the Plan Sponsor and/or Trustee may choose to be billed and to pay the fees from the Sponsor's or Trustee's assets not included within the Plan. Service fees and other transactions charges, if any, will be applied to the account as incurred. The portion of the total fee that is paid to the Investment Advisory Representative is 40% of the gross fee.

### **Plan Services Agreement**

Entering into an agreement for the SC program involves the execution by Client of a Plan Services Agreement and/or a general account agreement. Any party to the agreement, upon written notice to the other parties, may terminate the agreement. The term of the agreement is generally for a period of one year beginning on the effective date of the agreement and is automatically renewed for successive additional one-year terms without further action. At the time of entering into such agreement, the Client has a right to terminate the agreement without penalty within five (5) business days after entering into the agreement and receive a full refund of any investment advisory fees paid to Stephens. At any time, either the Client or Stephens may terminate the contract without penalty, upon reasonable notice ("Notice") given in writing to the other party hereto. If the account is to be liquidated as the result of a party giving Notice, it is understood that Stephens through Pershing may take up to five (5) trading days to effect such liquidation following the date the liquidation request was received by Stephens. If Plan assets are custodied somewhere other than Pershing, liquidation as the result of termination may be subject to the terms of the agreement between the Plan and the outside custodian.

Termination of the agreement will not affect the liabilities or obligations of the parties arising from transactions initiated prior to termination. Each Client agrees to pay Stephens' reasonable fees, costs and expenses of collection, including attorney fees, for any unpaid balances under the

contract. If the Plan terminates an account service arrangement and transfers the Plan account to a different financial firm, a transfer fee, currently \$100, will apply to the transfer. After a party gives Notice, a quarterly interim fee will continue to be applied until all assets invested in the SC program or platform have been removed from the Plan account.

From time to time, only in special circumstances, the fees may be negotiable or otherwise varied. These fee arrangements could include a flat fee. Fees will be payable on a schedule as negotiated by the parties.

On June 5, 2019, the Securities and Exchange Commission issued its interpretation of the Standard of Conduct for Investment Advisers and rescinded certain previously issued no action letters. As a result of these changes, Stephens will not seek to enforce any provision of an investment advisory agreement with a retail investor which discharges Stephens or its agents from liability to the retail investor Client.

### **Other types of Fees and Expenses Clients May Pay**

The wrap fee covers custody services and securities execution services provided by Stephens for the account. Clients may engage an independent custodian. The fees of any custodian other than Pershing are not covered by the wrap fee and are the separate responsibility of the Client. Clients may direct trading through another broker or other execution venue, and, in such a situation, the Client will be responsible for all costs and commissions incurred in connection with such directed trading. Fees for other services, such as administrative or transfer fees will be charged at Stephens' standard rates in addition to the wrap fee.

In this Stephens' advisory program, Stephens will select and recommend money market mutual funds, or comparable investments, in which to hold cash reserves, but the selections are limited to investments authorized by Pershing in its capacity as custodian. The alternatives authorized by Stephens include select money market mutual funds and from time to time its in-house pending reinvestment account. In most accounts, cash balances arising from the sales of securities, redemption of debt securities, Mutual Fund 12b-1 fees, dividend and interest payments and funds received from Clients not otherwise invested, are invested automatically on a daily basis in a money market mutual fund designated by Client or selected on a discretionary basis by Stephens.

Funds placed in a Client's account by personal check usually will be invested within two business days after deposit to the selected money market mutual fund. Due to the foregoing practices, Stephens may obtain federal funds prior to the date that deposits are credited to Client accounts and thus may realize some economic benefit because of the delay in investing these funds.

If an unaffiliated third party acts as custodian of account assets, typically the custodian and the Client, not Stephens, would determine where cash reserves will be held.

As your introducing broker, Stephens can receive or pay compensation for directing order flow in equity securities, though it generally does not in qualified retirement accounts. Pershing receives compensation for the direction of order flow in certain equity securities and listed options. The source and nature of the compensation, if any, received in connection with trades will be furnished upon your written request to your FC or IAR.

## **Mutual Funds**

Mutual Funds available through the program are limited to fund families with which Stephens, Pershing or the outside custodian has a selling agreement and which may be purchased on a no-load or load waived basis.

SC program fees are based on the assumption that each Client's account assets will be invested in mutual funds included in the SC program. In any event, Stephens will comply with Rule 205-3 of the Investment Advisers Act of 1940.

Individual Mutual Funds may pay fees to Stephens as a result of these investments if Pershing is custodian. The existence and amounts of such Mutual Fund fees is disclosed in the fund prospectus for each Mutual Fund in which Client assets may be invested. These fees will be passed through to the Client's and/or Plan participant's account and will be reinvested in the account, or if Pershing is not the custodian, as described in the Agreement with the third party custodians and administrators.

In some instances, individual Mutual Funds pay Stephens a portion or share of their revenue. Such revenue shares are not reflected in the individual Mutual Funds' prospectuses. Any revenue shares Stephens receives from individual Mutual Funds will be passed through to the Clients' and/or Plan participants' accounts and will be reinvested in the account. Stephens takes into account any revenue shares that will be passed through to the Client when identifying and selecting the most efficient share class of individual Mutual Funds. If Pershing is not the custodian, the most efficient share class will be identified and selected by the third party custodians and administrators.

For both Affiliated Funds and Unaffiliated Funds in which Stephens' Client assets are invested, Stephens receives shareholder servicing fees and 12b-1 fees from Funds on an ongoing basis as compensation for the administrative, distribution and shareholder services provided by Stephens. These services include such things as record maintenance, shareholder communications, transactional services, Client tax information, reports filings and similar such services. These fees are paid under a plan adopted by the Funds pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended. If Stephens receives 12b-1 fees from a Fund with respect to a Client's mutual fund investment in the Client's account and the Client is paying Stephens an advisory fee on such investment, 12b-1 fees will be rebated to the advisory Client. However, in Client brokerage accounts, which have mutual fund holdings, Stephens does retain the 12b-1 fees and shareholder servicing fees paid by the funds on these mutual fund holdings

Stephens has entered into a fully disclosed clearing arrangement with Pershing wherein Pershing will provide certain recordkeeping and operational services to Stephens and to some SC Clients. The services provided by Pershing will include execution and settlement of securities transactions, custody of Stephens' Client accounts and extensions of credit for any margin transactions. This clearing arrangement became effective after the close of business on November 15, 2019. Mutual funds are available to investors in a variety of different share classes, all of which carry different expense ratios. Fund share classes that pay higher compensation carry higher expense ratios than

share classes of the same mutual fund with lower expense ratios. Investing in a mutual fund share class with a higher expense ratio will negatively impact an investor's return.

Consistent with our fiduciary duty to Clients, Stephens will take reasonable steps to ensure advisory Clients are invested in share classes of mutual funds with the most appropriate expense ratio for their advisory account. Not all share classes are available to advisory Clients of Stephens, and it is possible that cheaper share classes of a fund may be available directly with the fund not available on the Pershing platform or away from Stephens. Additionally, because of the large number of mutual funds which are offered in an ever changing variety of different share classes, it is possible that investors may not receive cheaper share classes which come available after their initial investment in a fund.

### **Money Market Mutual Funds**

In the Stephens' advisory programs, assets not otherwise invested would typically be invested in money market mutual funds, or comparable investments, in which to hold cash reserves. The selections are limited to investments authorized by Stephens with Pershing in its capacity as custodian. Money market mutual funds often pay Stephens a distribution fee on assets invested in the fund through Stephens. The revenue to Stephens is in addition to the fees that are received from these accounts. In most accounts, cash balances arising from the sales of securities, redemption of debt securities, Mutual Fund 12b-1 fees, dividend and interest payments and funds received from Clients not otherwise invested are automatically invested on a daily basis in a money market mutual fund designated by Client or selected on a discretionary basis by Stephens.

Funds placed in a Client's account by personal check usually will be invested in a money market mutual fund within two business days after deposited with Stephens. Due to the foregoing practices, Stephens earns interest on such funds prior to the date that deposits are credited to Client accounts and, thus, realizes some economic benefit because of the timing of the investment of these funds.

### **Custodial Services**

Stephens' clearing broker-dealer, Pershing, normally provides custodial account services to Stephens' Clients. Custodial services provided by Pershing include custody of securities in your account, periodic statements, certain tax reporting and other similar services. Pershing is a subsidiary of the Bank of New York Mellon Corporation, and is located at One Pershing Plaza, 4<sup>th</sup> Floor – Jersey City, NJ 07399. Pershing will send your account statements, which you should carefully review. In addition to the account statements Pershing sends you, we may send you a quarterly performance report which among other things lists your account holdings and performance. You should compare our report to the account statements you receive from Pershing. In the event of any discrepancy between our report and any statement you receive from Pershing regarding the same investment, you should rely on the statement from Pershing.

Your account will be subject to the terms and conditions described in the Plan Services Agreement and any separate agreement or agreements executed in connection with the account.

Stephens includes custodial fees for custody services and securities services provided by Pershing within the "wrap" fee charge. If a Client's account is under a "wrap" fee program, commission

charges are included as part of the Stephens advisory fee unless the Client has selected a third party adviser who “trades away” from Pershing. Clients may engage an independent custodian. The fees of any custodian other than Pershing are not covered by the “wrap” fee and are the separate responsibility of the Client. Clients may direct trading through another broker or other execution venue, and, in such a situation, the Client will be responsible for all costs and commissions incurred in connection with such trading.

### **Pershing Relationship**

Pershing is the clearing firm for our securities business. Due to this business relationship, Pershing shares with us a portion of the transaction costs and fees you pay to Pershing for certain transactions and services. This compensation we receive is an additional source of revenue to Stephens, and it defrays our costs associated with maintaining and servicing Client accounts.

Your advisory fee is not reduced or offset as a result of any revenue that Pershing shares with Stephens. The following is a brief description of such revenue and other items.

- Pershing pays us on a quarterly basis an Active Account Credit in support of our ongoing investment in various businesses, marketing and technology initiatives relating to the services we offer. This Active Account Credit is based on the total number of Stephens Client accounts held on the Pershing platform.
- Pershing also pays us a Basis Point Credit each quarter which is computed based on the total value of Stephens Client accounts held on the Pershing platform.
- Pershing also provides consulting and other assistance to us from time to time.
- Stephens receives revenues from Pershing on any investor free credit balances. These revenues are not received by Stephens for free credit balances in Employee Retirement Income Security Act (“ERISA”) and Individual Retirement Account (“IRA”) accounts.
- Stephens determines the margin debit interest rate and receives any amounts paid by customers in excess of the Fed Funds Target Rate plus 85 basis points.
- Stephens determines the interest rate charged to Clients who obtain non purpose loans within parameters set by Pershing. Stephens receives 100 bps of the interest paid on the loan from Pershing except in situations where Stephens has agreed to receive a lesser amount.
- Pershing pays us a placement fee for each CD purchased through Pershing by a Stephens Client.
- Pershing pays us a portion of the revenues it receives for banking services provided to Clients.

For the period of January 1, 2025, through December 31, 2025, Pershing paid Stephens the following revenues:

- A short interest rebate of \$1,771,340
- Interest based on investor free credit balances of \$1,553,629
- Margin interest credit of \$993,200
- Active account and basis point credits of \$2,022,170
- Non Purpose Loan interest of \$685,784

- Silver Account (i.e. checking account) fee of \$24,000
- Fee Income-Pershing-Legal/Transfer \$1,200
- Pershing-Money Market Invesco ATRR \$266,497

Where Stephens receives compensation from Pershing, this presents a conflict of interest because Stephens and your Investment Advisory Representative have a greater incentive to make available, recommend, or make investment decisions regarding investments and services that provide additional compensation over those investments and services that do not.

The Clearing Agreement between Stephens and Pershing is for an initial term of 10 years, and it provides for a substantial termination penalty in the event Stephens terminates the Clearing Agreement prior to the end of the initial term. At the outset of the Clearing Agreement, the termination penalty was \$15 million, and it declines \$2 million each year to \$5 million in years 6 through the end of the Clearing Agreement. The termination penalty serves as a disincentive for Stephens to terminate the Clearing Agreement in the event Stephens or its Clients have a negative experience with Pershing or if Stephens believes another firm offers superior service. This creates a conflict of interest in that it could influence Stephens' decision to remain with Pershing even though it may be in the best interest of Stephens or its Clients to terminate the Clearing Agreement.

You should only use the cost basis information provided on your custodial account statements for tax reporting purposes.

Pershing's mailing address is: Pershing LLC; One Pershing Plaza; Jersey City, New Jersey 07399.

Where an unaffiliated third party acts as custodian of account assets, Stephens does not have discretion to select where cash reserves will be held. The Client and/or custodian will make the selection.

### **ERISA Fees**

Fees charged by Stephens to accounts of ERISA covered plans will comply with the limitations made applicable under ERISA. Stephens has adopted policies and procedures to mitigate conflicts, and to address provisions of and prohibitions under ERISA with respect to potential conflicts of interest and self-dealing.

### **ERISA Section 408(b)(2) Disclosures**

You may be, or may be acting on behalf of, a pension plan governed by the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA section 408(b)(2) requires most parties that provide services to employee benefit plans to disclose certain information to a responsible plan fiduciary. Generally, the service provider must disclose the services that it provides to the plan and the compensation that it expects to receive in connection with the services.

Stephens's disclosures are available at the following web address:  
[www.stephens.com/ERISA408b2](http://www.stephens.com/ERISA408b2)

**If you are the responsible plan fiduciary, please view the disclosures on this website and the website of the Third Party Administrator ("TPA") of your plan. If you are not the**

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responsible fiduciary, please forward this information to the responsible fiduciary of the plan.

Please review this website periodically for any required updates.

## **Item 5 Account Requirements and Types of Clients**

### **Conditions for Management**

Stephens does not require a minimum account balance for the establishment of an account under the SC program. Stephens or the Client can terminate an SC agreement at any time following advance written notice. Only those Clients we deem in our discretion suitable will be accepted into this program.

## **Item 6 Portfolio Manager Selection and Evaluation**

### **Advisory Representative's Education and Business Standards**

As a general rule, Stephens requires each Investment Advisory Representative ("IAR") to have a college degree and extensive experience with securities brokers, investment advisers, asset managers, investment bankers, financial institutions, insurance companies, or equivalent institutions. Such standards may be waived in exceptional cases. All IAR's are employees of Stephens. The selection of an IAR for a particular Client is based on a number of factors including experience, Client preferences and performance.

### **Selection of Fund Managers**

The SC selection process is a four step proprietary process for actively managed mutual fund selection.

The SC process begins with Morningstar's database of over 23,000 actively managed mutual funds and screens these funds through a filter of initial criteria that includes objectives such as three year manager tenure, five year inception date, size of fund and three and five year performance numbers. From this screening, the process takes semi-finalists and screens those funds on both a quantitative and qualitative analysis. On a quantitative basis, Stephens then evaluates such factors as annual performance; standard deviation, which measures volatility of returns; R squared, which measures the relationship of returns to the benchmark; and alpha, which measures excess returns due to manager's skill. On a qualitative basis, Stephens also evaluates such factors as a deeper understanding of the fund's investment philosophy, an understanding of trading disciplines for buying and selling of securities and knowledge of the configuration of the portfolio management team.

If possible, the process continues with an in-person or virtual due diligence visit to funds considered potential finalists in the selection process and the choosing of a selected fund and an alternate fund per asset class by the SC Investment Committee.

The relationship with the selected funds is established to provide for a regular flow of communication and materials from such funds. This funds selection process results in many

different mutual fund companies being represented on the SC platform, as Stephens attempts to identify a “Best of Breed” mutual fund for each asset class on the platform.

Once chosen, selected actively managed funds are regularly monitored by Stephens.

Once a Client approves the investment line-up, the Client’s account may be established and assets invested in the SC line-up of mutual funds. In the case of a Trustee directed plan, the Client’s assets will be invested pursuant to the asset allocation model selected by the Plan Sponsor and/or Trustee. In the case of a participant directed plan, assets will be invested pursuant to the SC Model the Plan participants select or the asset allocation the Plan participants develop from the SC line-up of mutual funds. In some participant directed plans, Plan participants may also have the option to select a custom glide path product that automatically adjusts the mix of funds to become less risky over time as the participant approaches their anticipated retirement date.

### **Performance Calculations**

The performance review includes a comparison of the performance of the funds with the performance of selected market indices and peer group averages to assist in evaluating the performance of funds over time.

Throughout the quarter, the actively managed funds are regularly monitored for performance and other news. The StephensChoice Investment Committee meets periodically to compare the line-up of mutual funds on performance to selected investment benchmarks and evaluate other criteria relating to the operation of the funds. If warning signs are observed, a fund may be subjected to a probationary review and comparative analysis. Warning signs typically are based upon factors such as style inconsistency, manager changes, performance issues or changes in investment philosophy.

Upon completion of the probationary review, the investment committee will determine whether that fund will remain in the standard SC line-up of mutual funds or be replaced with an alternate fund in that asset class.

To determine the value of securities in your account, Stephens generally relies on third party quotation services and on the net asset value of mutual fund shares as reported by the funds or third party services. If a price is unavailable or believed to be unreliable, Stephens may determine the price in good faith and may use other sources such as the last recorded transaction.

For further information that pertains to other investment advisory firms related to Stephens and other related persons of Stephens, please refer to “Other Potential Conflicts of Interest.”

### **Advisory Services**

#### **Investment Committee**

The SC Program is overseen and reviewed by the StephensChoice Investment Committee, which is composed of:

Mimi M. Hurst, CFA – Chairperson  
Bo Brister

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Ed Frost, CPC  
Larry Middleton  
Saul Rousseau  
Doug Seelicke, QPFC  
Warren Simpson

Services provided under the SC program include: providing the SC platform, selecting the asset classes, as well as adding or deleting asset classes included in the platform, monitoring the mutual funds made available through the platform, recommending additions to or deletions from the line-up of mutual funds made available through the platform, asset allocation modeling, quarterly performance reports and, when requested, risk based or age based profiling. With respect to SC accounts in the SC program, the assigned IAR at Stephens is responsible for reviewing performance of the accounts with the Plan Sponsor and/or Trustee periodically. The day-to-day investment decisions and security selections are made by the Plan Sponsor and/or Trustee or Plan participants from among the investment choices made available through the Plan's third-party administrator. Mutual fund distributions are generally reinvested in the respective fund. When Pershing acts as custodian, mutual funds transactions will be executed by Stephens in SC accounts based upon the instructions of the Plan Sponsor and/or Trustee or Plan participants. Periodic rebalancing in certain accounts custodied at Pershing is also provided. The goal of the SC program is to assist Clients by attempting to bring together, into a single platform, a line-up of mutual funds capable of creating reasonable returns with reduced risk through an investment strategy, consistent with Client's investment profile, that utilizes a diversified portfolio in which each asset class represented in the portfolio is managed by professional mutual fund managers.

Other services that may be provided under the SC program include assistance in defining the Plan Sponsor and/or Trustee's investment goals, periodic rebalancing, account support and automated billing.

### **Liaison Services**

If requested by the Plan, Stephens may assist the Plan with liaison services to help the Plan establish an account with a new Plan custodian or to help the Plan transfer assets of the Plan to a new custodian. Stephens may provide liaison services to help the Plan establish accounts with third-party providers of record keeping and administration services to the Plan or liaison services to help with communications relating to the discussion and resolution of administrative issues related to the Plan's operations or to its relationships with the third party providers of record keeping, administration and custodial services to the Plan; and liaison services to help the Plan with the development of education and enrollment packets for Plan participants or prospective Plan participants.

### **Educational Services**

If requested by the Plan, Stephens may assist the Plan with its conducting of individual or group education and/or enrollment meetings with Plan participants on dates agreed upon. The educational services may include a discussion of enrollment materials, investment alternatives available under the Plan, potential investment objectives, potential risks associated with different investment approaches, potential effects of portfolio diversification, the potential effects of different investment time horizons and other aspects of Plan participation or investing through the

Plan. In addition, if requested by the Plan, Stephens may assist the Plan with preparing the investment information required to be provided to Plan participants by the “identified plan fiduciary” under §404(c) of ERISA, as described in DOL Reg. 2550.404(c)-1(b)(2)(i)(B)(I), prior to or coincident with the participant’s enrollment in the Plan, and will assist the Plan with preparing the information described in DOL Reg. 2550.404(c) 1(b)(2)(i)(B)(2).

### **Other Services**

For accounts that are held away from Stephens, it is contemplated that third party providers of Plan services (other than Stephens) will provide actuarial, record keeping, administration, brokerage, clearance, settlement and custodial services to the Plan, and that none of such services will be provided by Stephens, unless Stephens and the Plan enter into a separate subsequent written agreement describing such services and setting forth the terms and conditions on which such services would be provided. Stephens and the Plan contemplate that dividends and distributions (other than liquidating distributions) received on investments held through the Plan will generally be reinvested into the investment that paid the dividend or distribution and that Plan portfolios designed to pursue an asset allocation model will be rebalanced from time to time to promote adherence to the selected model.

### **Trading Authorization**

In connection with the SC program, when acting as custodian, Stephens through Pershing shall buy or sell securities for the Client’s account in accordance with the directions of the Client. If Pershing is not acting as custodian, the Plan Sponsor and/or Trustee or the participant will direct the custodian to buy or sell securities for the Client’s account. If authorized by the Client for its SC assets, Stephens will have authority to reinvest dividends and other income distributions on behalf of SC accounts and to rebalance Client portfolios on a periodic basis. Each Client may from time to time request a modification of the asset allocation or withdraw assets from the SC program, subject to limitations adopted by Stephens on the frequency of such changes.

### **SC Wrap Fee Program**

In addition to other indications of individual ownership, including the right to withdraw, hypothecate, vote or pledge securities held in the wrap fee Client’s account, a wrap fee Client has the ability to place limitations and/or restrictions on the investments in their portfolio. Where restrictions are imposed, Stephens will manage the Client’s portfolio investments to comply with these restrictions, but the investment performance of the Client’s account will likely differ (positively or negatively) from other Clients following a similar investment strategy, that is not subject to the same restrictions. The minimum account size for wrap fee programs varies from program to program, and a person considering a wrap fee program should review the disclosure document provided by Stephens of the applicable program for details regarding the operation of the program, its risks, fees, and other charges. In the SC program, the entire wrap fee is paid to Stephens for its services relating to each wrap fee account.

In determining the suitability of an investment strategy for a particular wrap fee program, Stephens relies on the information provided by the Client regarding the financial objectives of the Client for each account. This information comes from, among other sources, personal interviews with the Client and written questionnaires completed by the Client and other communications with the

Client or its representative regarding the Client’s situation, investment objectives, risk tolerances and investment restrictions, if any.

## **Conflicts of Interest**

### **Conflicts of Interest Ownership**

Pursuant to SEC Rule 206(3), Stephens, acting as a principal for its own account, will not knowingly sell any security to or purchase any security from an advisory Client, without obtaining the Client’s prior consent to each such transaction and disclosing the capacity in which it is acting.

As a practical matter, the above requirements may impose delays on the time at which principal transactions may be effected for advisory accounts, and thereby may impair the execution quality of such transactions for advisory Clients. Accordingly, transactions are generally executed on an agency basis.

Transactions in which Stephens acts as a principal will only be effected for Clients subject to the Client’s written consent to such transaction indicating the quantity and price of the securities being purchased or sold. If Stephens is acting as a market-maker or otherwise as a principal, Stephens has the potential for profit or loss on securities it sells to or buys from a Client.

American Beacon Stephens Funds® and Hotchkis & Wiley Funds (“Affiliated Funds”) are funds managed by affiliates of Stephens and/or advisors in which affiliates of Stephens have a substantial ownership interest. ERISA accounts and IRA accounts are generally prohibited from investing in these Funds. Other advisory accounts may invest in the Affiliated Funds in an appropriate amount if: (1) the manager and the Client determine that the investment is suitable for the account, and (2) the Client signs an Affiliate Funds Consent Letter (“Consent Letter”) prior to directing the purchase of the affiliated fund shares.

Hotchkis and Wiley Limited (“HW-UK”), a wholly-owned subsidiary of H&W, is a private limited company incorporated in England and Wales. HW-UK is an appointed representative and tied agent of Arlington Group Asset Management Limited (AGAM) since March 1, 2016. AGAM is authorized by the Financial Conduct Authority to carry out regulated activities. The Chief Executive of HW-UK is also an appointed representative of AGAM and may carry on certain regulated activities in Europe.

## **Portfolio Management by Advisors Owned or Partially Owned by Stephens**

### **Affiliated Mutual Funds**

Stephens may from time to time engage in transactions on behalf of Clients with Hotchkis & Wiley Capital Management LLC (“H&W”) or with mutual funds advised by H&W. H&W is an investment adviser registered with the SEC in which entities under common control with Stephens hold an ownership interest. H&W provides investment advisory services to corporate, pension, public, endowment, foundation, mutual fund and other Clients, and H&W also advises its own family of mutual funds.

Stephens may also from time to time engage in transactions on behalf of Clients with Stephens Investment Management Group LLC (“SIMG”) or with mutual funds advised by SIMG. SIMG is an investment adviser registered with the SEC in which members of the Stephens family are beneficial owners of 100 percent of voting interests. SIMG provides investment advisory services for separate account Clients and for mutual funds known as the American Beacon Stephens Funds® or other funds which may be added from time to time.

Additionally, SIMG serves as one of the investment advisors to the following multi-manager mutual funds using its SMID Select Growth Strategy or Small Cap Growth Strategy:

- Vanguard Explorer™ Fund; and
- Bridge Builder Small/Mid Cap Growth Fund; and
- First Trust Multi-Manager Small Cap Opportunities ETF (MMSC)

H&W advised mutual funds and SIMG advised mutual funds are offered through Stephens’ broker-dealer services and/or investment advisory services as part of an investment program. Clients that invest in H&W advised mutual funds or in SIMG advised mutual funds would bear a proportionate share of the fees and expenses of those funds including the management fees or other fees paid to H&W or SIMG. These fees and expenses include commissions or fees, if any, paid to Stephens in connection with portfolio transactions. Please refer to each mutual fund’s prospectus for a full discussion of the fees and expenses of each mutual fund.

#### **Stephens Sponsored Wrap Fee Program**

Stephens sponsors the Stephens Small-Mid Cap Core (“SMID Core”) Growth Program which is a wrap fee program sub-advised by SIMG that follows its SMID Core Growth Model. IARs are not financially incentivized to place Clients in the SMID Core Growth Program versus any other wrap program or platform available at Stephens. However, a portion of the SMID Core account fees, generally representing twenty to fifty percent (20%-50%) of SMID Core fees, will be paid to SIMG for its portfolio management services, pursuant to a sub-advisory agreement between Stephens and SIMG. SIMG and Stephens share common ownership, which benefits from the compensation generated to SIMG as the result of a Client investing in the SMID Core Growth Program. Depending on the level of trading, the value of the account, and types of securities purchased or sold, Clients may be able to obtain transaction execution at a higher or lower cost if purchased separately at Stephens or SIMG than through this wrap fee program.

#### **Affiliated Investment Management Activities**

Certain investment strategies offered by SIMG have been selected for inclusion in the Private Client Group’s (“PCG”) Managed Assets Program (“MAP”). Sub-Advisors and strategies may only participate in MAP if they have been approved by the MAP Investment Committee. The MAP Investment Committee employs a process for evaluating investment managers that includes both qualitative and quantitative factors. SIMG strategies participating in MAP are subject to the same due diligence and evaluation processes as sub-advisors or strategies that have no affiliation with Stephens. IARs are not financially incentivized to favor selecting SIMG strategies over non-affiliated sub-advisors or strategies. However, selection of an SIMG strategy in MAP generates compensation to SIMG, which shares common ownership with Stephens.

### **Other Affiliations**

Certain entities affiliated with Stephens or under common control with Stephens hold an ownership interest in ABR Capital Partners, LLC (formerly known as Alex Brown Realty, LLC), a registered investment adviser. From time to time, Stephens offers to its Clients securities sponsored by ABR Capital Partners, LLC.

Stephens sometimes refers Clients to Stephens Insurance, LLC, an affiliated insurance agency under common control with Stephens, for advice pertaining to products that are provided through Stephens Insurance, LLC, and Investment Advisor Representatives and Financial Consultants may be eligible, subject to regulatory and legal requirements, to receive referral fees for insurance business referred.

For further information that pertains to related persons of Stephens, please refer to “Other Potential Conflicts of Interest” below.

### **Other Potential Conflicts of Interest**

Stephens is a diversified financial services company that directly or through affiliates provides a wide variety of investment banking, securities, insurance and other investment-related services to a broad array of customers. These relationships could give rise to potential conflicts of interest. Any of the following types of transactions could present a potential for a conflict of interest.

- a) Client account assets can be invested in interests of money market funds, mutual funds, other investment companies, privately offered investment funds and other collective vehicles (collectively, “Funds”) for which Stephens or its affiliates acts as investment advisor, sponsor, administrator, distributor, selling agent, or in other capacities (“Affiliated Funds”). In addition, Client account assets may be invested in interests of Funds for which Stephens or its affiliates do not act as investment adviser, sponsor, administrator or in other capacities. Stephens or its affiliates typically receive fees for services provided to such Funds, which often include (but are not limited to) fees payable under a plan adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (“12b-1 fees”) and fees paid to compensate Stephens for providing administrative services, distribution services, shareholder services, investment advisory services or other services to or for the benefit of such Funds. Stephens Inc. as a dually registered broker-dealer is paid the retail 12b-1 fees for brokerage mutual fund investments. Where 12b-1 fees are received in advisory accounts, these fees are rebated to the Client account.
  
- b) From time to time, Client account assets are invested in transactions that involve or constitute a purchase, sale or other dealings with securities or other instruments for which (i) Stephens, (ii) an affiliate or employee of Stephens, (iii) an entity in which Stephens or an affiliate has a direct or indirect interest, or (iv) another member of a syndicate or other intermediary (where an entity referred to in (i), (ii), or (iii), above is or was a member of the syndicate), has acted, now acts, or in the future may act as an underwriter, syndicate member, market maker, dealer, broker, principal, agent, research analyst or in any other similar capacity, whether the purchase, sale or dealing occurs during the life of the syndicate or after the close of the syndicate. Stephens has an incentive to favor the securities of issuers for which it provides such services. Your IAR also receives more money if you buy these investments.

c) Stephens or any other broker-dealer that is or may become affiliated with Stephens (the “affiliated brokers”) is expected to act as broker or dealer to execute transactions on behalf of a Client’s account. Client will not be charged a separate fee for brokerage services provided to the Account by affiliated brokers.

d) Stephens or its affiliates sometimes effect transactions for the Client’s account with other accounts for which Stephens or an affiliate provides investment advisory services (“Cross Trades”). Such Cross Trades are intended to enable Stephens to purchase or sell a block of securities at a set price and possibly avoid an unfavorable price movement that may be created through entrance into the market with such purchase or sell order. Stephens typically receives compensation from other accounts involved in a Cross Trade.

e) Subject to applicable regulations, Stephens or its affiliates sometimes execute “Agency Cross Transactions” for the Client’s account. Agency Cross Transactions are transactions where Stephens, or any affiliate of Stephens, acts as broker for both the Client’s account and the other party to the transaction. In such transactions, Stephens, or any of Stephens’ affiliates acting as broker, receives commissions from the other party to such transaction, to the extent permitted by law, in addition to its customary investment management or advisory fee for the Client’s account.

f) Clients of other divisions of Stephens or Clients of other advisory representatives of Stephens or Stephens, its principals, employees, affiliates and their family members, sometimes hold, and sometimes engage in transactions in, securities purchased or sold for the Client or about which Stephens gives or has given Client advice. The Client’s account may purchase as investments securities of companies with which Stephens or its affiliates maintain investment banking relationships or other relationships or securities of companies in which Stephens or its affiliates have an ownership or other investment interest.

g) Subject to applicable law, Stephens sometimes pays fees to, and/or shares revenues with, affiliates or non-affiliates in connection with referrals for investment advisory accounts. For additional information regarding referral fees, please see Item 9.

h) Stephens, or its affiliates, may provide more than one type of service to the Client (or a related organization), including (but not limited to), investment management services, investment advisory services, financial advisory services, underwriting services, placement agency services, investment banking services, securities brokerage services, securities custodial services, insurance agency services, insurance brokerage services, administrative services or other services, or any combination of services, all on such terms as may be agreed between Stephens (or its affiliate) and Client (or its related organization).

i) Other divisions and other advisory representatives of Stephens perform investment advisory services for the Clients other than Client and such other divisions or other advisory representatives of Stephens give advice or take action with respect to other Clients that are similar to or different from the advice given or action taken for the Client’s account, in terms of securities, timing, nature of transactions and other factors. Stephens will, to the extent

practicable, attempt in good faith to allocate investment opportunities among its Clients, including the Client, on a fair and equitable basis. However, other divisions and other advisory representatives of Stephens will not undertake to make any recommendation or communication to Client with respect to any security which such other divisions or advisory representatives may purchase or sell (either as principal or for any other Client's account) or recommend to any other Client, or in which such other divisions or advisory representatives, or their respective principals, employees, affiliates or their family members, may engage in transactions.

j) For ERISA accounts, when Stephens provides non-discretionary investment advice to the Client regarding such an account, we are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we are compensated can create conflicts of interest, so we have established procedures which require us to act in the Client's best interest and not put our interest ahead of the Client's.

### **Performance-Based Fees and Side-By-Side Management**

In the SC program Stephens does not offer any performance-based fee alternatives. Stephens typically charges Clients an investment advisory fee based on the value of the assets in the Client's account.

All fees are negotiable and vary depending on the size of the investment, the nature of the services to be rendered by Stephens to the Client, and other factors.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

We utilize street and independent sources for our research, but it is not the sole basis of our investment decision making process. Other sources of information we utilize can include industry data obtained from subscription services, company filings, street research and models. We utilize these services for real-time news and pricing. We also utilize other independent research sources for quantitative reports that measure such things as price changes, growth rates, profitability, valuation, earnings surprises and earnings revisions. These quantitative reports are used to help identify new securities that meet our investment criteria and to monitor existing holdings.

Investing in securities involves risk of loss that Clients should be prepared to bear. The material risks associated with our strategies are:

**Debt Obligations** -- Investing in debt (bond) obligations entails additional risks, including interest rate risk such that when interest rates rise, the prices of bonds and the value of bond funds shares can decrease and the investor can lose principal value.

**Equity Market Risk** – Overall stock market risks affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.

**Foreign Debt Obligations** - Investing in foreign debt obligations entails additional risks, including those related to regulatory, market or economic developments, foreign taxation and less stringent investor protection and disclosure standards.

**Foreign Securities** - Investing in foreign securities presents certain risks that are not present in domestic securities. For example, investments in foreign and emerging markets present special risks including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risks, foreign taxation and differences in auditing and other financial standards. In addition to the greater exposure to the risks of foreign investing, emerging markets present considerable additional risks, including potential instability of emerging market countries and the increased susceptibility of emerging market economies to financial, economic and market events.

**Money Market Risk** - An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Yields will vary. Yield quotations more closely reflect the current earnings of the fund than the total return.

**Management Risk** - Our judgments about the attractiveness and potential appreciation of a particular asset class, mutual fund or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated. The price of an individual security can be more volatile than the market as a whole and our investment thesis on a particular stock may fail to produce the intended results.

**Small Cap and Mid Cap Company Risk** - Investing in small cap and mid cap issuers involves a significantly greater risk than investing in larger, more established companies. The daily trading volume for Small Cap and Mid Cap issuers can be much lower than for more widely held, established companies. There may be periods when it is difficult to invest in or liquidate portfolio investments for our various investment strategies. This is particularly the case when breaking news on a company occurs or when significant market forces and events occur. In addition, small and mid-cap companies are more vulnerable to economic, market and industry changes. Because smaller companies often have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger capitalization companies.

Investors should only invest a portion of their total portfolios in these securities, and investors should be prepared to lose their entire investments.

**Certain Risks Associated with Cybersecurity.**

With the increased use of technologies such as the Internet to conduct business, investment advisers, including Stephens rely in part on digital and network technologies (collectively, “cyber networks”). These cyber networks are susceptible to operational, information security and related risks and can be at risk of cyber-attacks. Cyber-attacks could seek unauthorized access to cyber networks for the purpose of misappropriating sensitive information, corrupting data, or causing operational disruptions.

Cyber-attacks can potentially be carried out against the issuers of securities you have invested in, against third party service providers, or against Stephens itself by persons using techniques that range from efforts to circumvent network security, overwhelm websites, and gather intelligence through the use of social media in order to obtain information necessary to gain access to cyber networks. Although cyber-attacks potentially could occur, Stephens and Pershing maintain an information technology security policy and technical and physical safeguards intended to protect the confidentiality of internal data.

### **Risks Associated with Artificial Intelligence**

Stephens utilizes tools and systems that include or incorporate artificial intelligence (“AI”), machine learning, probabilistic modeling, and other data science technologies (collectively, “AI Tools”).

AI Tools depend on the collection and analysis of large amounts of data and are highly complex. Generally, AI Tools may produce outputs that are incorrect, result in the release of private, confidential, or proprietary information, reflect biases included in the data on which they are trained, infringe on the intellectual property rights of others, or otherwise be harmful. Stephens is not in a position to control the manner in which third-party AI Tools are developed or maintained. However, Stephens has implemented policies and procedures designed to mitigate some of the risks of using AI Tools, including but not limited to: utilizing enterprise versions of AI Tools so that data or information entered into the AI Tool will not become public or be used to “train” the AI Tool; requiring employees to take training on the proper use of AI Tools; and prohibiting the use of publicly-available AI Tools.

Stephens is unable to eliminate or mitigate all risks associated with the use of AI Tools.

The legal and regulatory environment relating to AI is uncertain and could rapidly evolve. This may impact how Stephens uses AI, increase compliance costs, and increase the risk of non-compliance. Any of these risks could adversely affect Stephens as well as the models, platforms, and accounts advised by Stephens. There is also risk exposure arising from the use of AI by bad actors to commit fraud, misappropriate funds, or facilitate cyberattacks.

### **Policies and Procedures for Proxy Voting**

For proxy voting directed by Stephens, it is Stephens’ policy to vote proxies on securities that are owned in an account and held in custody for the account at Pershing for the account and to utilize Investment Advisory policies and procedures, which are reasonably designed to vote Client securities in the best interests of the Client and to address how potential conflicts of interest are handled.

Stephens’ proxy voting policy is to vote in favor of actions recommended by the issuer’s Board of Directors unless the advisory representative disagrees with the proposed action and elects to vote the shares against the recommendation of the Board of Directors.

If there is not a Board of Directors recommendation on a proposed action, then the advisory representative will determine whether to vote for, against or abstain.

If the Client chooses to have their securities custodied away from Pershing, it will be the responsibility of the Client to vote or to arrange for the voting of their proxies.

Stephens will make available information of the firm's proxy voting policy and procedures including information regarding how Stephens voted proxies, if requested. In response to any request as to how the Client's proxies were voted, the Chief Compliance Officer or his designee would provide the information to the Client.

### **Procedure**

Stephens' procedures to implement the firm's proxy voting policy is as follows:

- Proxy materials are received on behalf of Clients in Stephens' Reorganization Department ("Reorg. Department");
- A Proxy Voting Notice, which includes a link to the proxy voting materials, is sent by the Reorg Department via e-mail to the respective advisory area. This Proxy Voting Notice will be used to instruct the Reorg Department as to how to vote the shares;
- Stephens will vote the proxy through the Reorg Department in accordance with applicable voting guidelines, either by electronically voting or by mailing the proxy in a timely and appropriate manner;
- Unless the responsible advisor or advisory committee loses confidence in management of the issuer or the Client directs the vote, Stephens will vote the shares as recommended by the Board of Directors of the issuer; If there is not a Board of Director's recommendation on a proposed action, then the advisory representative will determine whether to vote for, against or abstain.

### **Conflicts of Interest**

On an annual basis, Stephens will disclose to affected Client any identified potential material conflicts of interest by providing a list of said conflicts electronically or by mail.

Where Stephens has identified a specific potential material conflict of interest relating to one or more matters to be voted on by shareholders, Stephens: (1) will notify affected Clients of the potential conflict of interest, (2) will disclose how the proxy will be voted absent a voting direction from the Client, and (3) will give affected Clients the opportunity to vote the proxy themselves. Stephens will maintain a record of the voting resolution of any conflict of interest.

### **Corporate Actions and Other Matters**

From time to time there may also be a variety of corporate actions or other matters for which shareholder action is required or solicited and with respect to which Stephens may take action that it deems appropriate in its best judgment except to the extent otherwise required by agreement with the Client. These actions include, for example and without limitation, responding to tender offers or exchange offers, bankruptcy proceedings and proposed class action settlements. However, Stephens will have no power, authority, responsibility or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities

litigation or other litigation or proceeding relating to securities held at any time in the Client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving Client assets.

## **Item 7 Client Information Provided to Portfolio Managers**

The SC Program is a platform designed by Stephens to assist qualified retirement plans or other deferred compensation programs with establishing an appropriate line-up of “no load” or “load waived” mutual funds chosen through Stephens’ process of selection of mutual funds representing a range of designated asset classes to achieve appropriate asset allocation portfolios for the investment of plan assets. Portfolios in this platform are managed and directed by the Plan Sponsor and/or Plan Trustee or the Plan participants and not by a separate portfolio manager.

An Agreement is completed for each Plan account that has active trading at Stephens and maintained by Stephens. If the account is custodied at Pershing, the account application will be signed by the advisory Client. The account application contains account name and address, investment objectives and specific financial information. Advisory account information is updated upon notification from the advisory Client of any material changes and noted within the customer file. The IAR assigned to manage the account has access to the Client’s data maintained by Stephens. Client information may be updated from time to time upon notification from the Plan Sponsor and/or Plan Trustee of any material changes and noted within the Plan’s file.

We reserve the right to accept or decline any account and in accordance with the terms of a particular account’s investment agreement, we reserve the right to close an account if appropriate in our discretion.

## **Item 8 Client Contact with Portfolio Managers**

### **Client Meetings**

The IAR assigned to a Client’s account will be the primary contact for the Client at Stephens. The IAR must offer to meet with Clients periodically, but not less frequently than annually, to discuss their investment portfolios and investment goals, or per Client’s request. Clients are encouraged to contact the Stephens IAR assigned to their account at any time if the Client would like to have additional discussions or meetings.

## **Item 9 Additional Information**

### **Disciplinary Information**

Stephens Inc. voluntarily participated in the Securities and Exchange Commission’s Share Class Selection Disclosure Initiative, and on March 11, 2019, the SEC entered a Cease and Desist Order against Stephens in which Stephens neither admitted nor denied the allegations of the SEC’s Order. The Order alleged that Stephens did not fully disclose conflicts of interest related to the selection of mutual fund share classes for its advisory Clients, and that Stephens purchased, recommended or held mutual fund share classes for Client accounts which paid Stephens 12b-1 fees when less expensive share classes of the same funds were available which did not pay Stephens these 12b-1

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fees. The Order directed Stephens to Cease and Desist from committing or causing any violations and any future violations of Sections 206(2) and 207 of the Investment Advisers Act of 1940 and ordered that Stephens be censured and pay disgorgement and prejudgment interest to advisory Clients who held these more expensive mutual funds share classes in their advisory accounts. (IA Release No. 40-5196)

In its capacity as a broker-dealer, Stephens has been subject to legal or disciplinary events in the ordinary course of its business, such as regulatory sanctions relating to compliance with broker-dealer trade reporting requirements and other regulatory actions.

### **Affiliations**

From time to time, Stephens enters into arrangements with other broker-dealers, investment advisors or other persons whereby such parties refer Clients seeking advisory services to Stephens.

For additional information regarding Stephens' affiliations, please see Item 6 "Conflicts of Interest" above.

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

#### **Investment Advisory Code of Ethics**

Stephens has adopted an Investment Advisory Code of Ethics ("Code"), which defines the requirements and expectations for the business conduct of all of its Investment Advisory employees, including employees of Stephens.

Furthermore, all Stephens employees are expected to adhere to Stephens' Mission and Values Statement and Code of Professional Conduct.

The fundamental position of Stephens is that all aspects of its business are to be conducted in an ethical and legal manner in accordance with federal law and the laws of all states where the investment advisory divisions do business. In accordance with that position, general principles apply:

1. The interests of Stephens' Clients are our first consideration. Any personal securities transaction, which would be detrimental or potentially detrimental to any Client account and any personal securities transaction, which is designed to profit by the market effect of any Client account, must be avoided.
2. All personal securities transactions should be conducted in such a manner as to be consistent with the Code and to avoid actual or potential conflicts of interest or abuse of a Stephens employee's knowledge of customer information or customer transactions.
3. Investment adviser personnel should not take inappropriate advantage of their positions. Information concerning the identity of security holdings and financial circumstances of Clients is confidential.
4. Independence in the investment decision-making process is paramount.

Accordingly, there are certain standards of conduct which Stephens' investment advisory employees follow to reduce potential conflicts with the interests of our Clients. Stephens will provide a copy of the Code to any Client or prospective Client upon request.

### **Stephens Personal Trading**

Stephens' personnel may not participate in initial public offerings. All employees are required to maintain their personal accounts and accounts in which they have a beneficial interest at Stephens unless the account has been specifically exempt in writing from this requirement. Stephens' employees are required to provide copies of all of their trade confirmations and brokerage account statements to Stephens' Compliance Department in order to permit the monitoring of compliance with personal trading policies and restrictions. Additionally, employees are required to report all personal securities transactions no less than quarterly. Stephens' Investment Advisory Code of Ethics (the "Code") requires employees to report violations of the Code to Stephens' Chief Compliance Officer.

### **Conflict of Interest with Personal Trading and Client Trades**

To minimize potential conflicts of interest, advisory personnel who determine or approve what recommendations will be made for Client accounts will not participate in Stephens' proprietary trading activities and will not know what trading strategies are employed for its proprietary accounts.

Stephens allows employees to make purchases in the marketplace of securities owned by any Client account, provided that such purchases are made in amounts consistent with the normal investment practice of the person involved. Such purchases must be made after the investment advisory accounts managed by such employee (or in the management of which such employee participates) has completed its transactions in such securities.

### **Client Referrals and Other Compensation**

Neither Stephens nor any of our employees receive any sales awards or other prizes from any non-affiliated outside parties for providing investment advice to our Clients.

Stephens may enter into referral arrangement with its affiliates or between divisions of the firm. This includes referrals to Stephens of prospective Clients seeking investment advisory services. If the referral results in a new account relationship, then a portion of the net revenue from such account is paid to such entity or division as a referral fee, and such entity or division may pay some portion of the fee to the referring person. This arrangement is disclosed to the Client and does not result in any additional fees or charges to the Client. Such arrangements are conducted in accordance with the Marketing Rule, as applicable, and the Advisers Act generally.

IARs are eligible to receive referral fees for referring eligible Clients to the Stephens Investment Banking division. For eligible investment banking referrals, referring parties are eligible to receive compensation as a percentage of net income earned by Investment Banking. Therefore, IARs are incentivized to refer Clients to the Investment Banking division. Any such compensation to the IAR is at the discretion of the firm.

IARs who join Stephens are eligible to receive a financial incentive package. The incentive package is designed to discourage IARs from leaving Stephens and transferring Client accounts to another firm during their tenure. The amount of the financial incentive package is determined by Stephens' assessment of the IAR's perceived value as a new hire.

There are no formal revenue or production requirements, nor are there specific requirements regarding the transfer of a set number of Client accounts or assets. However, all IARs are expected to maintain good standing with the firm, which entails among other things properly servicing Client accounts, recruiting new business, and upholding a clean compliance record.

Apart from Stephens' investment advisory services to its advisory Clients, Stephens' Investment Banking business receives compensation from sponsors and investment advisers to private funds in exchange for placement agent, referral or other fundraising services.

### **Supervision and Review of Accounts**

The StephensChoice Investment Committee responsibilities are to select, monitor and review mutual funds included on the SC platform, establish standard SC model asset allocations, monitor performance of SC mutual funds and asset allocation models and to make changes or adjustments from time to time to the line-up of mutual funds included in the SC program including adjustments to the standard SC asset allocation models.

Supervisory Principals are responsible for supervisory approval of new advisory accounts, the daily review of trading activity and periodic reviews of performance utilizing various other daily and monthly exception reports. Supervisory Principals may also consider levels of activity, timing of transactions, transactions in restricted securities, profitability, concentration in one security and individual objectives and needs of the Client based on information provided by the Client.

When Stephens executes a transaction for you through Pershing's order execution system, you will receive a written or electronic confirmation of the transaction which provides information regarding the transaction. You may elect to receive these quarterly. You will also receive a written or electronic monthly account statement if you had activity in your account during the month which will detail the activity and the positions in your account. If you have not had any activity during the quarter and you have positions in your account, you will receive a written or electronic quarterly account statement which details the positions in your account.

You may waive the receipt of account statements or confirmations after each trade in favor of e-delivery via <https://stephensaccess.netxinvestor.com/web/stephens/login> . You may also receive mutual fund prospectuses, where appropriate.

Stephens will periodically review Client portfolio holdings to determine whether advisory Clients who hold mutual fund positions are invested in appropriate share classes for the mutual fund positions in their accounts. In the event 12b-1 fees are received on Client holdings, these will be rebated to the advisory Client.

### **Financial Information**

Stephens does not require or solicit prepayment of more than \$1200 in fees per Client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. Stephens is not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our Clients.

### **Who to Contact**

We are pleased to have an opportunity to serve as your investment adviser. If you have any questions about the information contained in this brochure or about any aspect of the services we provide, please do not hesitate to call Stephens at (877-891-0095). Clients often receive this information by electronic delivery.

The Stephens ADV and additional brochures are available at [www.stephens.com/investment-disclosures/](http://www.stephens.com/investment-disclosures/). To access your IAR's SEC Advisor Biography, go to [www.stephens.com](http://www.stephens.com), use the search bar in the top right corner of the home page and search by your IAR's name. SEC Advisor Biographies are also available in the "Our Team" section and are there for your review.

## **Definitions and Professional Designation Qualifications**

### **Accredited Investment Fiduciary® (AIF®)**

The Accredited Investment Fiduciary® (AIF®) designation signifies specialized knowledge of fiduciary responsibility and prudent investment practices. Individuals earning the AIF® designation must complete a formal training program covering fiduciary standards of care, pass a comprehensive examination, meet experience requirements, and submit an application for accreditation. Designees are required to complete continuing education annually and adhere to ethical and professional standards established by the issuing organization.

### **Accredited Wealth Management Advisor<sup>SM</sup> (AWMA®)**

The Accredited Wealth Management Advisor<sup>SM</sup> (AWMA®) designation is awarded to professionals who complete coursework focused on wealth strategies, investment planning, tax-aware strategies, and asset protection techniques. Candidates must pass a comprehensive examination assessing applied knowledge. Designees agree to comply with standards of professional conduct and complete ongoing continuing education to maintain the designation.

### **Chartered Financial Analyst® (CFA®)**

The Chartered Financial Analyst® (CFA®) designation is awarded by CFA Institute to investment professionals who satisfy extensive education, examination, experience, and ethical requirements. Candidates must pass three levels of rigorous examinations covering topics such as ethics, economics, financial reporting, investment analysis, and portfolio management, and must obtain qualifying professional experience. CFA® charterholders are required to adhere to a strict code of ethics and complete continuing professional education.

### **CERTIFIED FINANCIAL PLANNER<sup>TM</sup> (CFP®)**

The CERTIFIED FINANCIAL PLANNER<sup>TM</sup> (CFP®) designation is granted by the Certified Financial Planner Board of Standards, Inc. Professionals earning the CFP® designation must complete approved coursework in comprehensive financial planning topics, pass a comprehensive examination, hold a bachelor's degree, and demonstrate relevant professional experience. CFP® professionals must meet ongoing continuing education and ethics requirements to maintain the designation.

### **Chartered Financial Consultant® (ChFC®)**

The Chartered Financial Consultant® (ChFC®) designation indicates advanced education in comprehensive financial planning, including insurance planning, taxation, retirement, and estate planning. Candidates must complete a required curriculum and demonstrate relevant professional experience. Designees agree to adhere to a professional code of ethics and complete ongoing continuing education requirements to maintain the credential.

### **Certified Investment Management Analyst® (CIMA®)**

The Certified Investment Management Analyst® (CIMA®) designation reflects specialized knowledge in investment management consulting, including asset allocation, manager selection, performance measurement, and risk management. Candidates must meet experience requirements, complete an approved education program, and pass a certification examination. CIMA®

professionals must adhere to ethical standards and complete continuing education, including ethics education, to maintain certification.

### **Certified Pension Consultant (CPC)**

The Certified Pension Consultant (CPC) designation represents advanced expertise in the design, administration, and maintenance of qualified retirement plans. Individuals must complete a series of examinations, meet industry experience requirements, and comply with ethical standards. Designees are required to complete continuing education and maintain credentialed membership status to retain the designation.

### **Certified Portfolio Manager® (CPM®)**

The Certified Portfolio Manager® (CPM®) designation signifies education and training in portfolio management, security analysis, asset allocation, and fiduciary responsibility. Candidates must meet education or experience criteria, complete required coursework, and fulfill professional conduct and continuing education obligations to maintain the designation.

### **Certified Public Accountant (CPA)**

Certified Public Accountants (CPAs) are licensed professionals regulated by state boards of accountancy. Licensure generally requires completion of extensive college-level education, a specified period of supervised professional experience, and successful completion of the Uniform CPA Examination. CPAs must satisfy ongoing continuing professional education requirements and follow professional ethical standards to maintain licensure.

### **Chartered Retirement Planning Counselor<sup>SM</sup> (CRPC®)**

The Chartered Retirement Planning Counselor<sup>SM</sup> (CRPC®) designation indicates focused education in retirement planning, including pre-retirement, post-retirement, asset management, and estate considerations. Candidates must complete required coursework and pass an examination. Designees must satisfy continuing education requirements and adhere to professional conduct standards to maintain the designation.

### **Chartered Retirement Plans Specialist<sup>SM</sup> (CRPS®)**

The Chartered Retirement Plans Specialist<sup>SM</sup> (CRPS®) designation signifies specialized training in the design, implementation, and maintenance of employer-sponsored retirement plans. Candidates must complete approved coursework, pass an examination, and fulfill continuing education and ethical requirements to renew the designation periodically.

### **Qualified Plan Financial Consultant (QPFC)**

The Qualified Plan Financial Consultant (QPFC) credential reflects knowledge of qualified retirement plans, including plan design, administration, compliance, fiduciary responsibilities, and ethical considerations. Candidates must complete required coursework, pass an examination, agree to adhere to a code of professional conduct, and complete ongoing continuing education annually to maintain the credential.