



# Wakefield Asset Management, LLLP

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

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

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

Updated: March 22, 2022

## ITEM 2 – MATERIAL CHANGES

### **SUMMARY OF MATERIAL CHANGES**

This brochure dated March 21, 2022, has been updated from our previous brochure dated March 29, 2021. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

There are no material changes in this brochure.

Currently, a free copy of our Brochure may be requested by contacting Currently, a free copy of our Brochure may be requested by contacting us at (303) 771-0630 or email us at [compliance@wakefieldinc.com](mailto:compliance@wakefieldinc.com). The Brochure is also available on our web site [Http://www.wakefieldasseet.com](http://www.wakefieldasseet.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by Wakefield Asset Management, LLLP (“Wakefield”, “WAM” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

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

We are committed to helping clients build, manage, and preserve their wealth. Our Firm provides services that help clients to achieve their stated financial goals. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and WAM execute an Investment Management Agreement.

### INVESTMENT AND WEALTH MANAGEMENT AND SUPERVISION SERVICES

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

During personal discussions with clients, we determine the client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals.

Once we have determined the types of investments to be included in a client’s portfolio and have allocated the assets, we provide ongoing investment review and management services.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet client financial objectives. We trade these portfolios based on the combination of our market views and client objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. Clients have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

In all cases, clients have a direct and beneficial interest in their securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from clients.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

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

retains absolute discretion over the selection of professionals and the implementation of products they recommend.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

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#### **NON-DISCRETIONARY CONSULTING SERVICES**

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

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#### **THIRD PARTY INVESTMENT & SUB-ADVISER SERVICES**

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

WAM provides sub-advisory services to clients of WWM, an affiliated investment adviser. The Assets under Management reported below includes \$352 million of discretionary assets and \$490 million of assets under advisement attributed to this sub-advisory relationship.

These assets are also reported on WWM's Form ADV Part 2A.

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#### **WRAP FEE PROGRAMS**

Our Firm does not sponsor a Wrap Fee Program.

WAM has agreements with various financial services firms ("Program Sponsors") to provide investment advisory services to managed accounts in programs sponsored or administered by these firms. These programs are commonly referred to as Managed Account Programs or UMA or SMA programs. Under these programs, participating clients (generally with assistance from the Program Sponsor) may select WAM to provide selected investment advisory services for their account (or a portion thereof). The services WAM provides to Managed Accounts may differ among the Managed Account Programs and may differ from the services provided to clients who do not participate in Managed Account Programs. WAM generally receives a portion of the wrap fee charged on these accounts for the services we provide. Please see further discussion of management fees under Item 5 – Fees and Compensation.

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

Clients should review all materials related to their Managed Account Program (including the wrap fee program brochure of the Program Sponsor) including materials related to the terms, conditions, and fees. Each client should evaluate the potential advantages, disadvantages, and overall appropriateness of the program in light of the

client’s particular circumstances. Clients are encouraged to consult their own financial advisers and legal and tax professionals in connection with selecting and engaging the services of an investment adviser in a particular strategy and participating in a Managed Account Program.

## ASSETS

As of December 31, 2021

	<b>Market Value (U.S. Dollars)</b>
Discretionary Assets	352,222,225
Non-Discretionary Assets	<u>270,335</u>
Total Regulatory Asset Under Management	<u>352,492,560</u>
Assets Under Advisement	489,845,477
Total Assets Managed	<u>\$842,338,037</u>

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

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

“Assets Under Advisement” (AUA) include assets in Managed Account Programs where WAM provides model investment portfolios. The program sponsor retains final discretion to implement the model strategy and performs all trading and account administration. Also included in AUA are assets in qualified plans (retirement plans) where WAM provides continuous and regular advice to the trustees of the plans regarding the selection of their vendors including the selection of investment options available under the plan.

## ITEM 5 – FEES AND COMPENSATION

### INVESTMENT MANAGEMENT FEES AND COMPENSATION

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

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

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

Unless otherwise instructed by the Client, we will aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as “house-holding” portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of house-holding accounts for fee purposes looks at the overall family dynamic and relationship. When applicable, and noted in Appendix of the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

The independent and qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. When establishing a relationship with WAM, you provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified Custodian agrees to deliver an account statement to you on a quarterly basis indicating all the amounts deducted from the account including our advisory fees.

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

Either WAM or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given and any earned fee will be billed to you by our Firm.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client’s death or disability, WAM will continue management of the account until we are notified of client’s death or disability and given alternative instructions by an authorized party.

In no case are WAM fees based on, or related to, the performance of your funds or investments.

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## **CONSULTING SERVICES**

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

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## **WRAP FEE PROGRAMS**

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

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## **ADMINISTRATIVE SERVICES**

We have contracted with Tamarac, an unaffiliated firm (“Tamarac”) to utilize their technology platform which supports data reconciliation, performance reporting, fee calculation, client relationship maintenance, at least quarterly performance evaluations, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Tamarac will have access to client accounts, but Tamarac will not serve as an investment adviser to our clients. WAM and Tamarac are non-affiliated companies. Tamarac charges our Firm an annual fee for each account administered by its software. Please note that the fee charged to the client will not increase due to the annual fee WAM pays to Tamarac. The annual fee is paid from the portion of the management fee retained by WAM.

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## **ADDITIONAL FEES AND EXPENSES:**

In addition to the advisory fees paid to our Firm, you also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, and other financial institutions (collectively “Financial Institutions”). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12, below.

When selecting investments for our clients’ portfolios we might choose mutual funds on your account custodian’s Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian’s NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian’s NTF list or not, we consider our expected holding period of the fund, the position size, and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

## **ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees), nor engage side by side management.

## **ITEM 7 - TYPES OF CLIENTS**

We provide investment advice to individuals, high net-worth individuals, trusts, estates, charitable organizations, corporations, pensions, and profit-sharing plans and to other financial services and investment companies.

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

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

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

WWM has executed a sub-advisory agreement with Wakefield Asset Management, LLLP (WAM) where-in WAM will provide investment management services to WAM's clients. WAM works with its wealth management clients to design an investment strategy tailored to their individual needs and risk tolerance. The investment strategy is generally a combination of the investment portfolios discussed in this section.

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

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

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

Earnings Estimates for the upcoming quarter, fiscal year, and following fiscal year if available

- Price to Book Valuations
- Price to Cash Flow Valuations
- Price to Earnings Valuations
- Price to EBITDA Valuations
- Price to Sales Valuations
- Return Attribution
- Risk Measurement
- Security Analyst Behavior
- Surprise Earnings

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

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

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

**International Equity:** Selections are made from exchange traded funds ("ETFs"), open-end mutual funds and closed-end funds. Wakefield does not select individual stocks of operating companies listed on exchanges outside of the United States. In general, international equity portfolios are diversified across numerous countries in accordance with broad international market weightings. An international equity portfolio may be weighted more aggressively or conservatively in its country allocation based on the objectives of the respective client.

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

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

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

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## **RISK OF LOSS**

A client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws and national and international political circumstances.

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. WAM will assist Clients in determining an appropriate strategy based on their tolerance for risk.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a client's account(s). WAM shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform WAM of any changes in financial condition, goals or other factors that may affect this analysis.

Our methods rely on the assumption that the underlying companies within our security allocations are accurately reviewed by the rating agencies and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investors should be aware that accounts are subject to the following risks:

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

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

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

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

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

**Exchange-Traded Funds Risk:** ETFs charge their own fees and expenses; thus, portfolios that invest in ETFs will bear extra costs, such as duplicative management fees, brokerage commissions and related charges. In addition, there may from time to time be a significant discrepancy between the net asset value of an ETF and the price at which the ETF trades on an exchange.

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

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

**Performance of Underlying Managers** — We select the mutual funds and ETFs in the asset allocation models. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

**Equity Risk** — Equity prices can be volatile and unpredictable over short periods of time. Unexpected external influences such as economic and political events can significantly impact equity prices. Certain equities may be illiquid, and the sales price might be impacted if the holder has to sell before he or she intended. Investors holding common stock of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.

**Company Risk** — There is always a level of company or industry risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company will perform poorly or that its value will be reduced based on factors specific to it or its industry.

**Options Risk** — Options on securities are subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put, or call options are highly specialized activities and involve greater investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.

**Cybersecurity Risk:** In addition to the Material Investment Risks listed above, investing involves various operational and “cybersecurity” risks. These risks include both intentional and unintentional events at our firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm’s ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients’ information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

## ITEM 9 - DISCIPLINARY INFORMATION

We do not have any legal, financial, or other “disciplinary” item to report.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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

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

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

## ITEM 11 - CODE OF ETHICS

WAM and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established polices to mitigate conflicts of interest.

WAM has developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm’s expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of WAM, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm’s ethical principles.

We have established the following restrictions in order to ensure our Firm’s fiduciary responsibilities:

- A director, officer, or employee of WAM shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry No supervised employee of WAM shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of WAM
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client’s account
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices
- Any supervised employee not in observance of the above may be subject to termination

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: Chief Compliance Officer.

## **ITEM 12 – BROKERAGE PRACTICES**

### **INVESTMENT MANAGEMENT SERVICES**

Clients must maintain assets in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. Advisor Services ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated, and unaffiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when we instruct them to.

While we recommend that clients use Schwab as custodian/broker, client must decide whether to do so and open accounts with Schwab by entering into account agreements directly with them. The Client opens the accounts with Schwab. The accounts will always be held in the name of the client and never in WAM 's name.

### **HOW WE SELECT BROKERS/CUSTODIANS**

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds ETFs, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to WAM and our other clients
- Availability of other products and services that benefit us, as discussed below (see Products and Services Available to Us from Schwab)

### **CLIENT BROKERAGE AND CUSTODY COSTS**

For our clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services. However, Schwab receives compensation by charging ticket charges or other fees on trades that it executes or that settle into clients' Schwab accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Brokers/Custodians).

### **PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide WAM 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; others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered soft dollar benefits because there is an incentive to do business with Schwab. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies in this regard to mitigate any conflicts of interest.

Following is a more detailed description of Schwab's support services:

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#### **SERVICES THAT BENEFIT OUR CLIENTS**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we 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 our clients and their accounts.

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#### **SERVICES THAT MAY NOT DIRECTLY BENEFIT OUR CLIENTS**

Schwab also makes available to us other products and services that benefit us but may not directly benefit our clients or their accounts. 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 a 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
- Assist with back-office functions, recordkeeping, and client reporting

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#### **SERVICES THAT GENERALLY BENEFIT ONLY US**

Schwab also offers other services intended to help us manage and further develop our business enterprise.

These services include:

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

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 a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

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## **OUR INTEREST IN SCHWAB'S SERVICES**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients.

Some of the products, services and other benefits provided by Schwab benefit WAM and may not benefit our client accounts. Our recommendation or requirement that you place assets in Schwab's custody may be based in part on benefits Schwab provides to us, or our agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab. This is a conflict of interest. We believe this arrangement is in the client's best interest and have developed policies to mitigate this conflict.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Schwab's execution quality may be different than other custodians.

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## **BROKERAGE FOR CLIENT REFERRALS**

WAM does not receive client referrals from any custodian or third party in exchange for using that custodian or third party.

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## **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

WAM may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client investment advisory agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day. WAM aggregates trades of our personnel with those of client accounts.

If we do not receive a complete fill for an aggregated order, we will allocate the order on a pro-rata basis. If we determine that a pro-rata allocation is not appropriate under the particular circumstances, we will base the allocation on other relevant factors, which may include:

- When only a small percentage of the order is executed, with respect to purchase allocations, allocations may be given to accounts high in cash;
- With respect to sale allocations, allocations may be given to accounts low in cash;
- We may allocate shares to the account with the smallest order, or to the smallest position, or to an account that is out of line with respect to security or sector weightings, relative to other portfolios with similar mandates;
- We may allocate to one account when that account has limitations in its investment guidelines prohibiting it from purchasing other securities that we expect to produce similar investment results and that can be purchased by other accounts in the block;
- If an account reaches an investment guideline limit and cannot participate in an allocation, we may reallocate shares to other accounts. For example, this may be due to unforeseen changes in an account's assets after an order is placed;
- If a pro-rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, we may exclude the account(s) from the allocation and disgorge any profits. Generally, de

minimis allocations do not exceed 5% of the total allocation. Additionally, we may execute the transactions on a pro-rata basis.

- We will document the reasons for any deviation from a pro-rata allocation.

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## **DIRECTED BROKERAGE**

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

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

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## **TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole, and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the custodian, the custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

We do not routinely recommend, request, or require that you direct us to execute transaction through a specified custodian. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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## **ITEM 13 – REVIEW OF ACCOUNTS**

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### **ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES**

WAM's Chief Investment Officer generally reviews investments on a daily basis to determine continued compliance with WAM's quantitative models. WAM's Chief Investment Officer reviews the discretionary separate accounts on

at least a weekly basis. Each discretionary and non-discretionary separate account is generally reviewed on a monthly basis by a group headed by Geoffrey Todd Gervasini (Chief Investment Officer). Recommendations are made to non-discretionary consulting accounts generally on a quarterly basis and at least on an annual basis.

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## **STATEMENTS AND REPORTS**

The custodian for the individual client's account will provide clients with an account statement at least quarterly.

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

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

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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

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

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

## **ITEM 15 – CUSTODY**

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

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## **DEDUCTION OF ADVISORY FEES**

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address, and the way the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from WAM. When you have questions about your account statements, you should contact WAM or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of adviser fees.

## ITEM 16 – INVESTMENT DISCRETION

For discretionary accounts, prior to engaging WAM to provide investment advisory services, you will enter a written Agreement with us granting the Firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable WAM in its sole discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange, and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by WAM for you are:

- For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
- Any limitations on this discretionary authority shall in writing as indicated on the investment advisory Agreement, Appendix B. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

## ITEM 17 – VOTING YOUR SECURITIES

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

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

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

Upon request, we will provide separately to each client (i) a copy of WAM's proxy voting policies and procedures and (ii) details as to how the Firm has voted securities in your account.

## ITEM 18 – FINANCIAL INFORMATION

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.