



STRATEGAS

Strategas Asset Management, LLC

Brochure

March 28, 2025

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This brochure (the "Brochure") provides information about the qualifications and business practices of Strategas Asset Management, LLC (herein, the "Firm" or "SAM"). Clients should carefully consider this information before becoming a client of SAM. If you have any questions about the contents of this Brochure, please contact us at 855-273-7227 or compliance@strategasrp.com. The information in this Brochure has not been approved by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about SAM also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Strategas Asset Management (“SAM”) updated its Form ADV Part 2A Brochure (the “Brochure”) on March 28, 2025, to fulfill the annual amendment requirement. Strategas has made no material changes to the Brochure since the date of the last annual update to the Brochure.

A client should note the updated Brochure contains non-material changes.

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Item 4. Advisory Business

This Brochure describes the investment advisory services that Strategas Asset Management, LLC (hereinafter, the "Firm" or "SAM") offers to its clients. This Brochure also references other documents that contain additional important information about SAM. Those documents describe the types of services that SAM offers to clients and certain types of investments it makes available to clients, including the terms, conditions, fees and costs applicable to those services and investments and certain risks and conflicts of interest associated with those services and investments. Those documents are available on SAM's website at <https://www.strategasasset.com>.

The information contained in this Brochure is current as of the date above and is subject to change at SAM's discretion. Please retain this Brochure for your records.

Background and Principal Ownership

SAM is an investment advisory firm formed in 2014 as a New York limited liability company. The Firm was initially registered as an investment adviser with the State of New York and since May 2018 is registered with the Securities and Exchange Commission ("SEC"). SAM is a wholly-owned subsidiary of Baird Financial Corporation, following its acquisition of SAM in January 2018. Baird Financial Corporation in turn is 100% owned by Baird Financial Group, Inc. Baird Financial Group, Inc. is a privately held holding company owned by the employees of Robert W. Baird & Co. Incorporated ("Baird"), a FINRA member broker-dealer and SEC-registered investment adviser. Through common ownership, SAM is affiliated with Baird and Strategas Securities, LLC ("STS"), a FINRA member broker-dealer and SEC-registered investment adviser. Please refer to Item 10 for information regarding SAM's other financial industry activities and affiliations.

SAM's principal place of business is at 52 Vanderbilt Avenue, Nineteenth Floor, New York, NY 10017, with an additional office at 1775 Eye Street, Suite 420, Washington, D.C. 20006.

Overview of SAM's Services

SAM offers a suite of model portfolios to clients, (each, a "Model Portfolio" and collectively the "Model Portfolios"). The Model Portfolios are created by SAM's affiliate, STS, through its macro

research group or are created by SAM using STS research. SAM, pursuant to an agreement with STS, is authorized to offer and distribute the Model Portfolios to its clients and to manage client accounts using the Model Portfolios. The Model Portfolios are described in greater detail in Item 8.

SAM offers the Model Portfolios through separately managed accounts ("SMAs") and also offers certain Model Portfolios through exchange traded funds that are registered with the SEC as investment companies.

SAM has entered into agreements with certain third-party, money management platforms (the "Platforms"). Clients of those Platforms may access certain of SAM's Model Portfolio services through those participating Platforms.

SAM offers the following two SMA services: (1) Model Portfolio delivery, i.e., providing licenses to receive the Model Portfolio(s), including updates thereto ("Model Delivery Services"), and (2) portfolio management services, i.e., managing clients' assets with discretion consistent with the Model Portfolio selected by the client ("Portfolio Management Services"). SAM's advice is limited to these services. Model Delivery Services are generally only available through a Platform. In providing Portfolio Management Services, SAM may be engaged directly by the client as investment adviser or, if a client is accessing SAM's services through a Platform, SAM may serve as sub-adviser.

When delivering Model Portfolios or managing client accounts in accordance with the Model Portfolios, SAM generally does not revise or amend the Model Portfolios created by STS. However, if requested by a client, SAM may recommend or utilize additional stock picks to supplement the Model Portfolio that may meet the particular client's needs or preferences. Factors that may be considered in determining whether to provide supplemental stock picks include, but are not limited to, whether the request is inconsistent with the nature, operation, or investment strategy of the Model Portfolio, and the number and frequency of such requests from the client. In addition, if the client account is managed by SAM on a discretionary basis, a client may request that reasonable investment limitations or restrictions apply to the client's account. SAM does not otherwise tailor its advisory services to the

individual needs of clients because clients who engage SAM to manage their accounts select a Model Portfolio offered by SAM as their investment strategy.

The Platforms provide or facilitate a suite of services including, but not limited to, order management, order entry, custodial relationships, brokerage, billing, invoicing, and performance analytics, as applicable. To the extent that the fees received by SAM for managing accounts using a Model Portfolio may vary from Platform to Platform, SAM may have an incentive to recommend that clients use a Platform that pays SAM a fee at a higher rate than a Platform that pays SAM a fee at a lower rate.

From time to time, SAM may receive a client referral from a Platform. SAM does not allow such referrals to affect the investment advice SAM provides clients. If a prospective client approaches SAM with a Platform already selected, SAM does not counsel the prospective client on other Platforms. If a prospective client specifically asks SAM for a recommendation on which Platform to select, SAM provides the prospective client with platforms available but does not recommend one over another.

Each Platform offers different services and charges different fees. Some Platforms charge commissions and other fees that are higher than other Platforms. Please refer to Item 5 for information regarding SAM's fees and compensation with respect to separately managed accounts.

Clients accessing SAM's services through a Platform should receive disclosures from the Platform about the services provided by the Platform and the costs and fees associated with those services. Those clients are urged to review the disclosures provided by the Platform carefully.

Separately Managed Accounts

SAM has relationships with various entities that perform, or facilitate through third-parties, advisory, broker-dealer or custodial services for SAM clients.

Neither SAM nor STS maintains custody of client assets. However, SAM's affiliate, Baird, offers a Platform in which it maintains custody of client accounts that are managed by SAM. Refer to Item 10 for information regarding SAM's material

relationships, such as that with Baird, and potential conflicts of interest.

For SAM to provide Model Portfolios to a client through a Platform, the client is required to enter into the appropriate written agreement(s) with the Platform, and in certain instances, SAM. Under the respective contracts, each Platform performs or facilitates administrative and technological services, the placement of trade orders pursuant to the Model Portfolios, and the preparation and delivery of account statements and other reports. For these services, each Platform charges fees for securities execution, custodial and other services to the client that are separate from the fees that SAM charges. The Platforms generally pay SAM its fee out of the fee that the Platform collects from the client. Before entering into any relationship with a Platform, clients should carefully review the information provided by the Platform, which should include the Form ADV Part 2A Brochure, which contains important information about the services provided by the Platform and fees charged by the Platform. Clients may contact SAM at 414-792-1129 or compliance@strategasrp.com for assistance in identifying the current information for each Platform.

Model Delivery Services

SAM offers licenses to use Model Portfolios to certain Platforms, to receive and use the Model Portfolios, including regular updates to the portfolio composition and recommended rebalancing thereto. The Model Portfolios are not tailored in any way to the client or underlying clients of such clients. However, as noted previously, if requested by a client, SAM considers providing stock picks to supplement the Model Portfolio that the client or the client's client may use to meet its needs or preferences. Under Model Delivery Services, SAM does not exercise any investment discretion (i.e., it does not have the responsibility of trading based on the Model Portfolio), and does not vote proxies. Clients that receive a Model Portfolio are responsible for assessing initially and on an ongoing basis the viability and suitability of any investment portfolio decision they or their designee makes for themselves, their underlying clients or third parties, including decisions made based on the Model Portfolio. Underlying clients of a client are not considered clients of SAM when SAM provides Model Delivery Services.

Portfolio Management Services

SAM also offers Portfolio Management Services as an adviser or sub-adviser to client accounts. These accounts may include individuals, trusts, family offices, companies, non-profits, corporations, other investment advisers, investment companies, and other institutional accounts. The client selects a Model Portfolio(s) based on the client's objectives, and then agrees to have the client's account managed in accordance with the selected Model Portfolio and (if applicable) SAM's supplemental stock picks and client-imposed investment restrictions. In providing Portfolio Management Services to client accounts, SAM manages the accounts with discretion. SAM's advice is limited to these services.

A client obtaining Portfolio Management Services is responsible for providing SAM information that SAM reasonably requires in order to provide the services selected by the client including, but not limited to, any investment policy statement and anticipated liquidity needs. SAM will rely on this information when providing its advisory services. A client is also responsible for informing SAM in writing of any material change in circumstances that might materially affect the manner in which the client's assets should be invested.

Important Note for Platform and Wrap Fee Program Clients

SAM does not sponsor a wrap fee program, i.e., a single fee charged to the client for bundled services such as investment advice and brokerage services. However, some Platforms offer SAM's Model Portfolios as part of a wrap fee program sponsored by the Platform (the "Program Sponsors"). SAM manages wrap fee accounts similar to other non-wrap fee separately managed accounts pursuant to the Model Portfolio selected. For accounts that are in a wrap fee program, SAM receives a portion of the wrap fee for SAM's services. A list of Program Sponsors is included on Schedule D to SAM's Form ADV Part 1A, which is available at the SEC's website at www.adviserinfo.sec.gov.

Platform clients who select SAM to manage their assets through a Platform, including through wrap fee programs, typically do so under either a "single contract" or "dual contract" arrangement.

Under a single contract arrangement, a client enters into an agreement with the Program Sponsor and the Program Sponsor, in turn, enters

into a subadvisory or similar agreement with SAM on the client's behalf. This type of arrangement is frequently referred to as a single contract arrangement because there is only one contract between the client and the Platform; the client does not have an agreement directly with SAM. Clients with single contract arrangements typically are subject to a wrap fee arrangement with the Platform and pay an asset-based wrap fee to the Program Sponsor and, out of that wrap fee, the Program Sponsor pays an advisory fee to SAM.

Under a dual contract arrangement, the client has two contracts; one contract with the Platform and another contract with SAM. Clients with a dual contract arrangement pay to SAM an advisory fee in addition to the fee they pay to the Platform.

Program Sponsors generally assist a Platform client with the selection of SAM (or may have the discretion to select SAM) to manage the assets in the client's account maintained at the Program Sponsor. They generally also provide trade execution services and custodial services for the client's account as part of the wrap fee paid by the client.

SAM participates in programs offered by Platforms in one of two ways. First, SAM may manage client portfolios with full investment discretion (i.e., Portfolio Management Services described above). Alternatively, SAM may provide the Program Sponsor with Model Portfolios, or other advice or consulting services regarding the asset allocation strategies, that the Program Sponsor provides to clients (i.e., Model Delivery Services described above). Platform clients are not considered clients of SAM when SAM provides Model Delivery Services.

If SAM is selected to manage the assets in a client account maintained by the Program Sponsor, SAM will manage the client's account with full investment discretion. Unless the client or Program Sponsor directs SAM to do otherwise, SAM will select the broker-dealers that will execute client trades.

If SAM provides the Program Sponsor with model portfolios, advice or consulting services, SAM will not manage the client's account or select broker-dealers to execute client trades.

If a client is participating in a program sponsored by a Platform, the client should review the client's agreement with the Platform and the Platform's Form ADV Part 2A Brochure for a full description of the services provided and fees charged by the Platform. A client should also review the sections entitled "Fees and Compensation" and "Investment Discretion" below for more information.

SEC-Registered Investment Companies

SAM makes its advisory Portfolio Management Services available to SEC-registered investment companies (such as mutual funds or exchange traded funds ("ETFs")) that seek an investment strategy consistent with the relevant Model Portfolio. Strategas acts as investment advisor to the Strategas Global Policy Opportunities ETF (SAGP) and Strategas Macro Thematic Opportunities ETF (SAMT). Further, on January 18, 2024, a filing under Rule 485(a) of the Securities Act of 1933 was made with the SEC relating to a preliminary prospectus and statement of additional information ("SAI") of the Strategas Macro Momentum ETF (SAMM) for which SAM is intended to act as investment advisor. As of the date of this Brochure, SAMM's inception date is expected to occur on or around April 4, 2024. SAM may modify its Model Portfolios in connection with any sub-advisory services to a mutual fund or other SEC-registered investment company in order to comply with applicable investment restrictions under the Investment Company Act of 1940, as amended, or as set forth in the fund prospectus or SAI. Information concerning a mutual fund, including a description of the services to be provided by and the advisory fees payable to SAM, is contained in the fund's prospectus or other offering documents. Investment advice is provided on a discretionary basis in SAM's capacity as advisor or sub-advisor, meaning that the fund authorizes SAM to make all investment decisions, subject to applicable restrictions and the supervision of the fund's primary adviser and the fund's board of trustees.

Assets Managed

As of December 31, 2024, SAM had approximately \$148,153,092 in regulatory assets under management, which was managed on a discretionary basis, and \$119,698,619 in non-discretionary assets under advisement.

Item 5. Fees and Compensation

SAM's fee depends on the type of service the client receives. In addition to SAM's fees discussed

herein, clients are or may be responsible for bearing or paying the costs of all:

- commissions, markups, markdowns, and spreads charged by broker-dealers that buy securities from, or sell securities to, the client's account (such costs may be inherently reflected in the price the client pays or receives for such securities), including, local charges, fees, commissions and taxes imposed on foreign securities transactions effected in foreign markets;
- underwriting discounts, dealer concessions or similar fees related to the public offering of investment products;
- custody fees;
- extra or special fees or expenses that may result from the execution of odd lot trade orders (i.e., "odd-lot differential");
- electronic fund fees, wire transfer fees, and similar fees or expenses related to account transfers;
- currency conversions and transactions;
- securities conversions, including, without limitation, the conversion of American Depositary Receipts ("ADRs") to or from foreign ordinary shares;
- interest, fees and other costs related to margin accounts, short sales and options trades;
- fees related to the establishment, administration or termination of Retirement Accounts, retirement or profit-sharing plans, trusts or any other legal entity;
- fees imposed by the SEC or securities markets, including transaction fees imposed by electronic trading platforms, which fees may be imbedded in the price the client receives for the security; and
- taxes imposed upon or resulting from transactions effected for a client's account, such as income, transfer or transaction taxes, foreign stamp duties, or any other costs or fees mandated by law or regulation.

Certain investment products, such as mutual funds, exchange traded funds ("ETFs"), and other similar investment pools (collectively, "investment funds"), have their own internal fees and expenses that are borne either directly or indirectly by their holders, including a client. These fees and

expenses may include investment management fees, distribution (12b-1) fees, shareholder servicing fees, transfer agency fees, networking fees, accounting fees, marketing support payments, administration fees, custody fees, expense reimbursements, and expenses associated with executing securities transactions for the investment product's portfolio ("ongoing operating expenses"). These ongoing operating expenses are separate from, and in addition to, SAM's fee. As a result of making investments in these types of products, a client should be aware that the client is paying multiple layers of fees and expenses on the amount of the client's assets so invested—the ongoing operating expenses and SAM's fee. A client is also responsible for any redemption fees or similar fees that the fund or its sponsor may impose on the client. A client should review the prospectus or other applicable offering documents for each investment fund in which the client invests for further information.

All fees paid to SAM for services are separate and distinct from these fees. Please refer to Item 10 for information regarding SAM's material relationships and potential conflicts of interest. Please refer to Item 12 for information regarding brokerage practices.

Separately Managed Accounts

Model Delivery Services

Unless otherwise agreed, SAM charges its fees quarterly in arrears for Model Delivery Services clients. Typically, SAM's fee is at an annual rate ranging from 10 to 35 basis points, i.e., 0.10% to 0.35% for equity and balanced portfolios and 0.10% to 0.25% for fixed income portfolios, on the assets invested in the selected Model Portfolio. SAM's fee is negotiable.

Under a Model Delivery Services arrangement, a client agrees to pay SAM a fee based on the market value of the total underlying client assets invested on the last trading day of each quarter in accordance with the selected Model Portfolio(s) across all accounts utilizing such Model Portfolio(s) during the immediately preceding calendar quarter, including if some or all of any such accounts are then held in cash. The Model Delivery Services client further agrees to provide SAM a report with the total account balances and a proposed calculation of the fee owed to SAM. SAM reviews the report and invoices the client for the fees owed to SAM.

Upon the request of the Model Delivery Services client, SAM may accept quarterly payment in advance of services based on the market value of the total assets invested as of the last trading day of the prior quarter. If a Model Delivery Services client terminates the agreement or otherwise removes assets from the Model Portfolio prior to quarter-end, SAM refunds automatically a pro rata share of the fee on a per diem basis.

Portfolio Management Services

For Portfolio Management Services, the terms of the client's contracts with the Platform and/or SAM describe the fee arrangements.

SAM typically charges a fee for Portfolio Management Services on a quarterly basis at an annual rate of 0.50% of the value of the client assets in the account managed by SAM. However, SAM's fee is negotiable, and SAM has clients who pay less than that rate, including clients who retained SAM for Portfolio Management Services prior to November 1, 2018, and clients who retain SAM to provide Portfolio Management Services on a sub-advisory basis through Platforms. Generally, SAM's fee is deducted and paid directly out of the client's account.

When SAM's quarterly fee is paid in advance, the fee is typically calculated on the value of the client's account as of the last day of the prior quarter. When SAM's quarterly fee is paid in arrears it is typically calculated on the value of the client's account as of the last day of the quarter that most recently ended. When a client first establishes an account during a calendar quarter and SAM's fee is payable in advance, the fee will be calculated based on the value of the account at the time SAM begins to provide Portfolio Management Services and the number of days remaining until the end of the quarter. When a client first establishes an account during a calendar quarter and SAM's fee is payable in arrears, SAM's fee for the first quarterly period will be calculated based on the value of the account at the end of the quarter and the number of days during the quarter in which SAM managed the account. For clients paying SAM's quarterly fee in advance who terminate SAM's management of the account during a calendar quarter, a portion of SAM's fee will be refunded to the client representing the number of days remaining in the quarter following such termination during which SAM managed the account.

Wrap Fee Programs. As discussed above, clients who select SAM to manage their assets within wrap fee programs typically do so under either a “single contract” or “dual contract” arrangement.

Clients with single contract arrangements typically pay an asset-based wrap fee to the Program Sponsor and, out of that wrap fee, the Program Sponsor pays an advisory fee to SAM. The portion of the wrap fee paid to SAM varies from program to program based upon the rate negotiated by the Program Sponsor, taking into account the investment strategies being pursued, the amount of client assets involved, and the level of services to be provided. Specific information on the advisory fee payable to SAM will be provided by the applicable Program Sponsor. For information on the amount, calculation and billing of the wrap fee charged by the Program Sponsor, clients should consult with the Program Sponsor or refer to their wrap fee program agreement or the Program Sponsor’s Form ADV Part 2A Wrap Fee Program Brochure.

Clients with a dual contract arrangement pay to SAM an advisory fee in addition to the wrap fee they pay to the Program Sponsor. SAM’s advisory fee under a dual contract arrangement is negotiable and may vary depending upon the investment strategies being pursued, the amount of client assets involved, and the level of services to be provided. The actual fee that the client will pay to SAM will be set forth in the client’s investment management agreement with SAM. SAM will generally calculate and charge such client fees in the manner more fully described above.

Registered Investment Companies

As compensation for its services, SAM receives fees from each mutual fund and ETF it advises, which fees are disclosed in each fund’s prospectus and statement of additional information. Other fees that are payable as an investor in a mutual fund or ETF are described in the fund’s prospectus and SAI. If an investor holds an ETF in a brokerage or other transaction-based account, the investor may also incur trading costs, such as commissions, and custody fees.

Compensation of some SAM Supervised Persons

Some of SAM’s supervised persons receive compensation based on a client’s total assets invested using an investment model if the client

was solicited by the supervised person. The compensation is a percentage of the fee received by SAM from the client. In these circumstances, SAM’s supervised persons negotiate with SAM to establish the percentage of fee the supervised person will receive. This compensation practice presents a potential conflict of interest because it gives SAM’s supervised persons an incentive to recommend investment models based on the compensation they anticipate receiving rather than a client’s needs. The portfolio manager or his designee periodically monitors client accounts to confirm the investment model recommendations are in the best interest of each client.

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

SAM does not charge any performance-based fees that are based on a share of capital gains or capital appreciation of the assets of a client.

Item 7. Types of Clients

SAM offers the Model Delivery Service to clients that invest directly, or on behalf of their clients. Generally, SAM’s clients include (without limitation) institutions such as broker-dealers and investment advisers, and Platforms. SAM does not require a minimum asset amount for this service.

SAM offers the Portfolio Management Services to clients that utilize one or more of the Model Portfolios for assets maintained in an account. Generally, SAM’s clients include (without limitation) individuals, high net worth individuals, pooled investment vehicles, and other investment advisers. Clients should review their agreements with SAM or the Platform to determine the requirements for opening and maintaining an account. The agreements applicable to Envestnet Asset Management, Inc. have an account minimum of \$50,000 of assets maintained in the client’s account. When working with the other Platforms, SAM may impose an account minimum of \$100,000 of assets maintained in the client’s account. Special considerations may justify acceptance of smaller accounts or rejection of larger accounts. For clients who contract directly with SAM rather than through a Platform, the account minimum is \$200,000, which can be waived at SAM’s discretion.

SAM also offers the Portfolio Management Services to registered investment companies, for which it serves as advisor or, if applicable, sub-adviser.

Information concerning a mutual fund or ETF, including a description of the services to be provided by SAM, are contained in the fund's prospectus or other offering documents.

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

Investment Philosophy and Methods of Analysis

The Model Portfolios are created by SAM's affiliate, STS, or are created by SAM using STS's research. SAM, pursuant to an agreement with STS, is authorized to offer and distribute the Model Portfolios to its clients. With limited exceptions, SAM does not revise or amend the Model Portfolios created by STS.

Each Model Portfolio is derived from a top-down investment approach with a focus on a broad, macroeconomic theme (for example, strategy, economics, policy, fixed income, quantitative, and technical), which is then utilized to identify specific companies that are within the scope of the theme for investment. Fundamental and technical research, as well as quantitative models and industry-wide trends and activities, are researched and analyzed in developing and updating a Model Portfolio, and the securities contained within the Model Portfolio.

Overview of Investment Strategies

SAM offers Model Portfolios containing publicly traded equity securities and ETFs. The portfolios are updated monthly, quarterly, bi-annually or annually and ad hoc when significant corporate events of a portfolio company (e.g., merger, acquisition, bankruptcy) occur.

The **U.S. Large-Cap Policy Opportunities** has an objective to outperform the S&P 500 by utilizing a proprietary quantitative approach to identify companies exhibiting Strategas' proprietary super-cyclical "lobbying intensity" analytical framework, i.e., companies that lobby to influence public policy that affects or may affect them or their industries. Most analyst models do not account for corporate "lobbying spend." Thus, the earnings benefit derived from corporate lobbying may be mispriced. This investment process begins with 500 stocks and results in the selection of generally 50 equally-weighted large to mid-cap domestic stocks. The Model Portfolio is updated four times per year.

Specific risks associated with this strategy include (without limitation) political risks, including changes that may impair the ability of companies to affect government policy.

The **Strategas Global Policy Opportunities Strategy** has an objective to outperform the S&P 500 by combining Strategas' proprietary super-cyclical "lobbying intensity" framework with its recommended global asset allocation. The strategy uses publicly available lobbying data to consider investments in both domestic and international companies that SAM believes could potentially benefit from periods of intense lobbying of the U.S. federal government. It is intended to be a global equity portfolio leveraged to successful public policy outcomes with tactical tilts toward categories that SAM at the time views are most favorable for investment (e.g., domestic vs. international, large vs. mid & small-cap, etc.). SAM uses this strategy to manage the Strategas Global Policy Opportunities ETF (SAGP).

The **U.S. Sector Focus Policy Opportunities Strategy** has an objective to outperform the S&P 500 by identifying three sectors with the largest underpriced earnings potential from public policy changes. Most analyst models do not account for corporate "lobbying spend." Thus, the earnings benefit derived from corporate lobbying may be mispriced. The strategy uses publicly available lobbying data to consider investments in companies representing three sectors that will benefit the most from lobbying of the U.S. federal government. The Model Portfolio is updated four times per year to reflect the latest changes in lobbying and earnings data. Specific risks associated with this strategy include (without limitation) political risks, including changes that may impair the ability of companies to affect government policy.

The **Strategas Small-Mid (SMID) Cap Policy Opportunities Portfolio** has an objective to outperform the S&P 1000 by investing in companies closely tied to public policy developments, namely through their lobbying activity. The Model Portfolio is composed of 50 small to mid-cap primarily domestic stocks using a proprietary quantitative approach to identify companies that SAM believes exhibit the highest degree of "lobbying intensity." The strategy is constructed on the idea that the market cannot, and investors have not historically shown the

ability to, properly value the earnings benefit generated from companies' lobbying activities and their political influence.

The **Strategas Blue Chip Opportunities Strategy** offers an equity alternative to sovereign credit. Over a market cycle, SAM expects high quality companies to perform well, which are defined as those companies that are capable of growing their earnings when the economy is strengthening and have strong enough balance sheets to allow them to survive any inevitable economic slowdowns. The portfolio is constructed on the idea that in times of market stress, investors seek to shelter capital in the domestic equities that were perceived by the market to have comparable sovereign-like features, specifically low credit default swap (CDS) prices. This investment process begins with a broad universe of large cap stocks and results in the selection of 50 equally-weighted stocks. The Model Portfolio is updated four times per year. Specific risks associated with this strategy include (without limitation) a decline in the investor appetite for yield oriented investments and an increase in investor appetite for small-cap companies. The Strategas Blue Chip Opportunities portfolio was previously known as the Strategas New Sovereigns portfolio. The name change was effective 3/1/2021.

The **Strategas Macro Thematic Opportunities Strategy** is intended to utilize STS' macro research to identify 3-4 thematic opportunities that will outperform over a 12-36 month time horizon. The strategy gains exposure to each theme using investments in concentrated baskets of between 5-15 securities to minimize company-specific risks with the securities being market capitalization agnostic as long as sufficient trading liquidity is available and with a target holding period of not less than 9 months per theme. SAM uses this strategy to manage the Strategas Macro Thematic Opportunities ETF (SAMT).

The **Strategas Macro Momentum Opportunities Strategy** blends the Firm's expertise in macro and technical research with a suite of proprietary momentum, trend-following, and behavioral tools to arrive at security selection. The strategy has two objectives – 1) to achieve capital appreciation through a concentrated long-only portfolio of generally 20-50 public equities with a focus on holding the assets for as long as their technical characteristics

warrant, and 2) to limit drawdowns in periods of market decline by allocating additional assets to defensive alternatives, such as Treasury ETFs, gold ETPs, or cash. The portfolio team continuously monitors the risk/reward profile of each security to ensure the integrity of the investment thesis and the conviction relative to other emerging areas of market momentum and leadership. Catalysts for a more defensive posture would include a deterioration to the technical attributes for the market as a whole, including such inputs as downside moving average crosses, changes to trend following and momentum tools, an expansion in securities trading to new lows, and the emergence of relative outperformance from traditionally defensive assets. SAM intends to use this strategy to manage the Strategas Macro Momentum ETF (SAMM).

The **Strategas Dividend Growth Strategy** uses a proprietary quantitative approach to identify companies with the strongest risk-adjusted returns based on research that those companies are more likely to generate dividend yield and dividend growth. This investment process begins with 500 stocks and results in the selection of generally 20-35 equally-weighted large to mid-cap domestic stocks. The Model Portfolio is updated four times per year. Specific risks associated with this strategy include (without limitation) any changes in dividend policies for companies in the portfolio, a decline in the investor appetite for yield-oriented investments, and an increase in investor appetite for small-cap companies.

The **Strategas Large-Cap Earnings Momentum Alpha Strategy** invests in large-cap companies that exhibit strong upward earnings revisions and attractive relative valuations. To identify such companies, the percentage of net-upward revisions, which is calculated by taking the number of analysts who have revised earnings estimates up for a specific company and dividing it by the total number of estimates for that specific company over a rolling 90-day time period, is determined. The relative price-to-earnings ratio for a company as applied to that company's sector is also determined. This investment process begins with 500 stocks and results in the selection of generally 40-50 equally-weighted stocks. The Model Portfolio is updated monthly. Specific risks associated with this strategy include (without limitation) overexposure in one's portfolio to securities with recent above-average returns, a change in the

breadth of reported earnings estimates, and models and data that are incorrect or incomplete.

The **Strategas Core Fixed Income Strategy** is an actively managed, multisector, enhanced total return bond strategy, that seeks to maximize return compared to its benchmark index, the iShares® Core U.S. Aggregate Bond ETF (ticker: "AGG"), while seeking to minimize excess return volatility. This strategy is constructed using sector ETFs, and is intended to be a conservative strategy, targeting 100 basis points of alpha per year compared to AGG, and a target of 100 to 150 basis points of tracking error. The strategy may invest in any sector included in AGG as well as sectors not included in AGG, including, without limitation, international fixed income, emerging market debt, high-yield bonds, bank loans, hybrid instruments, and municipal securities. For information on risks associated with ETFs and fixed income, see Fixed Income Security Risks and Exchange Traded Fund Risks below.

The **Strategas Go Anywhere Strategy** is an actively managed, multisector, enhanced total return bond strategy, that seeks to maximize return while seeking to minimize total return volatility. This strategy is constructed using sector ETFs, and is intended to be a conservative strategy, targeting 150 to 200 basis points of alpha per year compared to AGG, with no tracking error target. The strategy may invest in any sector included in AGG as well as sectors not included in AGG, including, without limitation, international fixed income, emerging market debt, high-yield bonds, bank loans, hybrid instruments, and municipal securities. For information on risks associated with ETFs and fixed income, see Fixed Income Security Risks and Exchange Traded Fund Risks below.

Asset Allocation Strategies

Strategas offers eight asset allocation portfolio strategies designed to align client goals and risk preferences over a medium-term time horizon. Each portfolio combines STS's/SAM's strategic asset allocation outlook with tactical tilts towards those sectors and investments that they believe are most favorable for investment.

The asset allocation strategies are offered via the Tactical Fund Strategist Portfolio ("FSP") series.

The FSP series is offered as a taxable portfolio leveraging investments in ETFs.

The *Strategas Aggressive Growth Portfolio* seeks long-term capital appreciation by investing in a broadly diversified portfolio of global equities for investors with the financial resources to withstand the volatility inherent in equity investing.

The *Strategas Growth Portfolio* seeks long-term capital appreciation by investing primarily in equity securities. A relatively small portion of the portfolio is invested in fixed income securities. This portfolio is designed for investors with the financial resources to withstand market volatility.

The *Strategas Moderate Growth Portfolio* seeks long-term portfolio appreciation through an allocation heavily weighted to equity securities with a modest allocation to fixed income securities. This portfolio is designed for investors with a desire for appreciation with current income as a secondary objective and with the financial resources to take on risk in pursuit of better returns.

The *Strategas Moderate Portfolio* includes allocations to both equity securities and fixed income securities, with a greater weighting to equity securities. This portfolio is designed for clients with a need for both portfolio appreciation and current income. Investors should have the financial resources to take some risk in pursuit of better returns.

The *Strategas Conservative Growth Portfolio* seeks to provide portfolio growth with current income from a combination of investments in both equity securities and fixed income securities, with similar weights. This portfolio is designed for investors who desire capital appreciation balanced with current income and portfolio stability.

The *Strategas Conservative Portfolio* seeks to provide portfolio stability and current income with modest portfolio appreciation by investing primarily in fixed income securities with a modest allocation to equity securities. This portfolio is designed for investors with a need for regular income as well as some desire for modest growth from the equity portion of the portfolio.

The *Strategas Capital Preservation Portfolio* seeks to provide principal protection by investing primarily in fixed income securities. A relatively

small portion of the portfolio is invested in equity securities. This portfolio is designed for investors with little or no tolerance for principal volatility and who are willing to accept lower returns in exchange for increased stability.

The *Strategas Core Bond Portfolio* seeks to provide low volatility income while minimizing both tracking error and total return volatility. This portfolio is designed for investors who have a desire for regular income and who have a tolerance for excess return risk compared to total return risk.

Risk of Loss

Clients should be aware of the following risks associated with the Model Portfolios:

Political Risk – US federal law imposes obligations on companies to disclose certain information on lobbying spend. If the law were to change in a manner so as to limit or eliminate such disclosures, it could have a material, negative impact on SAM’s ability to gather information regarding corporate lobbying spend. In addition, federal law governing corporate taxes has been relatively stable for decades. The US federal government is evaluating possible reforms to corporate taxes. It is unclear at this time whether and to what extent the federal government will amend corporate tax law.

Geopolitical Risk – the Model Portfolios are exposed to complex geopolitical risks. Some geopolitical risks are normal, while others are in a heightened state. U.S. and international markets have experienced significant periods of volatility due to a number of economic, political and other global macro factors. The transition to a new administration following the recent U.S. Presidential election may introduce meaningful market uncertainty as new policies, executive orders, or legislation are proposed or enacted. Geopolitical risks appear elevated with the war between Ukraine and Russia now passing its third anniversary, tensions remaining high in the Middle East, and relations between the U.S. and China and other countries are strained.

The uncertain course of these various factors may have a significant negative impact on the global economy, may result in an elevated risk environment with increased volatility in asset prices, which could have an adverse effect on the value of a client’s portfolio

Inflation Risk – Domestically, while inflation continues to cool, moving closer to the Fed’s 2% inflation target, it remains an area of focus because the “last mile” from 3% to 2% may prove to be more challenging than the market expects. The inability of the government to effectively address domestic or international issues may increase risk and raise the level of market volatility.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates (in the United States and other markets around the globe) may reduce or increase the market value of a security.

Investment Risk – Investing in securities involves risk of loss that clients should be prepared to bear. SAM’s past performance, or the past performance of its investment strategies, is not a guarantee of future results. Certain market and economic risks exist that may adversely affect an account’s performance and result in a capital loss in that client account.

Investment Objective and Asset Allocation Risks. A client’s investment objective and asset allocation strategies involve the risk that certain asset classes selected for the client’s Account may not perform as well as other asset classes during varying periods. In addition, clients who pursue more aggressive investment objectives and asset allocation strategies, while hoping to achieve high returns, may face greater risk of loss than clients with more conservative objectives and strategies. In developing investment objectives and asset allocation strategies, clients should carefully consider their financial situation and needs, investment goals, investment time horizon and risk tolerance.

Model Risk – Any imperfections, limitations, or inaccuracies in models could affect the viability of the Model Portfolio. By necessity, model portfolios make simplifying assumptions that may limit the model’s effectiveness. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate and/or may not include the most current information available.

Sector Risks. A manager’s investment processes may not limit exposure in any individual economic sector. At times, a client’s account may be weighted towards one or more economic sectors. When weighted towards one or more economic

sectors, the account is subject to the risk that adverse events, changes or developments within a particular sector or major companies in that sector may result in a meaningful decline in the value of the account.

Equity Risk – The prices of equity securities rise and fall. These price movements may result from factors affecting individual companies, industries, or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time. Large cap equities tend to go in and out of favor based on market and economic conditions.

Common Stock Risks. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises. Holders of common stocks are generally subject to greater risk than holders of preferred stocks and debt obligations of the same issuer because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders and other creditors.

Capitalization Size Risks. Certain portfolios invest primarily in large cap stocks, which perform differently from, and at times worse than, stocks of medium and smaller cap companies. Other portfolios invest primarily in small and mid cap stocks, which are often more volatile and less liquid than investments in larger companies. The frequency and volume of trading in securities of small- and mid-size companies may be substantially less than is typical of larger companies. Therefore, the securities of small- and mid-size companies may be subject to greater and more abrupt price fluctuations. In addition, small- and mid-size companies may lack the management experience, financial resources and product

diversification of larger companies, making them more susceptible to market pressures and business failure. Small- and mid-size companies may also be in the early stages of development and may not yet be profitable.

Foreign Issuer and Investment Risks. Securities of foreign issuers, ADRs, GDRs and EDRs and investments in foreign markets generally are subject to certain inherent risks, such as political or economic instability of the country of issue, the difficulty of predicting international trade patterns and the possibility of imposition of exchange controls. Such securities may also be subject to greater fluctuations in price than securities of domestic corporations. Investors in foreign markets may face delayed settlements, currency controls and adverse economic developments as well as higher overall transaction costs. In addition, fluctuations in the U.S. dollar's value versus other currencies may enhance, erode, reverse gains or widen losses from investments denominated in foreign currencies. For instance, foreign governments may limit or prevent investors from transferring their capital out of a country. This may affect the value of a client's investment in the country that adopts such currency controls. Exchange rate fluctuations also may impair an issuer's ability to repay U.S. dollar denominated debt, thereby increasing the credit risk of such debt. In addition, there may be less publicly available information about a foreign company than about a domestic company. Foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to domestic companies. With respect to certain foreign countries, there is a possibility of expropriation or confiscatory taxation, or diplomatic developments, which could affect investment in those countries.

Industry Risk – Investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact investment returns. Investments concentrated within a particular industry are subject to greater risk and are more impacted by market volatility than less concentrated investments.

Concentration Risk - A client's portfolio may consist of a limited number of securities or may be concentrated in an issuer or group of issuers, an

industry or economic sector or group of related industries or sectors, or concentrated in limited asset classes. Client accounts with concentrated positions are susceptible to greater volatility and increased risk of loss than an account that is diversified across several issuers and industries or sectors and asset classes.

Management Risk – SAM applies the client selected Model Portfolio in making investment decision for its client, but there can be no guarantee that such decisions will produce the desired results.

Fixed Income Security Risks. Fixed income securities are subject to certain risks, including interest rate risk, credit risk and liquidity risk. In addition, they are subject to maturity risk. Generally, the longer a bond's maturity, the greater the interest rate risk and the higher its yield. Conversely, the shorter a bond's maturity, the lower the interest rate risk and the lower its yield. Non-rated, split-rated, below investment grade, and asset-backed securities, including mortgage-backed securities and CMOs, have additional, special risks.

Exchange Traded Fund Risks. An ETF is different from a mutual fund in that an ETF does not sell its shares directly to public investors and does not redeem shares from public investors. Rather, shares of an ETF are commonly purchased or sold in the secondary market on a securities exchange, like common stocks. An ETF maintains a net asset value but, based on demand and other factors, the market price of shares of an ETF may vary from its net asset value. ETFs invest in and hold securities and other assets, such as stocks, bonds, commodities and currencies, and have stated investment objectives and principal strategies. ETFs can have many different investment objectives and strategies, including equity, fixed income, balanced, international, and global strategies, and strategies that focus on a particular market capitalization, investment style, economic industry or sector, or geographic region. Many ETFs seek to track the performance of an index or other underlying benchmark. Passively managed ETFs will not be able to replicate exactly the performance of the indices the ETFs track because the total return generated by the securities will be reduced by management fees, transaction costs and other expenses incurred by the ETF. ETFs have other risks, which may include market risk, management and securities selection risk,

investment objective and asset allocation risk, stock market risk, equity securities risk, common stock risk, fixed income securities risk, interest rate risk, credit risk, capitalization risk, investment style risk, foreign issuer and investment risk, and emerging market risk. Certain ETFs pursue complex strategies, which are subject to special risks. The degree of these and other risks will vary depending on the type of ETF selected.

The foregoing list of risks does not purport to be a complete enumeration or explanation of all the risks involved in SAM's investment strategies. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

Item 9. Disciplinary Information

SAM is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client or a prospective client's evaluation of SAM or the integrity of its management. As of the date of this Brochure, SAM has no information applicable to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Material Relationships

SAM maintains the following relationships that are material to SAM's investment advisory business:

1. Strategas Securities, LLC: SAM has entered into an agreement with its affiliate, Strategas Securities, LLC ("STS"), a FINRA member broker-dealer and SEC registered investment adviser. STS produces the Model Portfolios and updates (or provides research to SAM when SAM creates models), which SAM is licensed to use, offer and provide to its clients. STS provides the Model Portfolios to SAM as well as to its own brokerage clients. Without this relationship, SAM would not have Model Portfolios to provide to its clients, nor be able to provide Portfolio Management Services pursuant to these Model Portfolios. STS is a sponsor of Strategas Trust, a unit investment trust organized in series, which series currently consists of the Strategas Policy Basket Portfolio series.

Most of SAM's supervised persons are also registered representatives of STS. As STS registered representatives, certain SAM supervised persons receive compensation based on a percentage of commissions generated by STS institutional brokerage clients who receive one of

the investment models through STS. This presents a potential conflict of interest when an institutional brokerage client could potentially obtain access to an investment model, either as a brokerage client of STS or an advisory client of SAM, as STS/SAM may have an incentive to recommend the relationship that would be most profitable rather than the relationship that is in the client's best interest. To address this, STS and SAM each have a policy to notify potential institutional clients of the availability of the investment models through both types of arrangements. SAM notes that this conflict does not arise with respect to non-institutional accounts as STS limits its brokerage activities to institutions.

The relationship between STS and SAM also creates a potential conflict of interest with regard to the timing of the provision of the Model Portfolio to each of STS's clients, SAM's Model Delivery Services clients, and SAM's Portfolio Management Services clients (separately managed accounts and SEC registered investment companies). SAM has a fiduciary duty to act in the best interest of all its clients, including treating each client fairly. To ensure that all clients are treated fairly over time, SAM and STS have a policy governing the distribution of the Model Portfolios updates to their clients. Upon becoming a client of either SAM or STS, such client entitled to a Model Portfolio update is randomly placed on the SAM/STS list of clients, which then provides the order in which the Model Portfolio updates are delivered to clients. After a Model Portfolio update has been delivered to all clients, the list rotates, with the client at the top of the list going to the bottom of the list. When distributing Model Portfolio updates, SAM and STS send the updates after market close and before market open to minimize the possibility that one or more SAM or STS clients will be able to trade based on such updates before other clients are able to trade. SAM addresses these conflicts through disclosure in this Brochure.

Institutional clients of SAM may have the option of receiving the Model Portfolio through SAM's affiliate, STS. Further, similar model portfolio services may be offered by other investment advisers that may cost clients more or less than receiving the services from SAM.

SAM does not place orders for securities transactions with STS for the client accounts SAM manages. However, for the accounts it manages in

which Baird has custody, SAM places orders for securities transactions with Baird as broker-dealer. See immediately below.

2. Affiliation with Baird: SAM is owned by Baird Financial Corporation and is under common control with Robert W. Baird & Co. Incorporated ("Baird"), a FINRA member broker-dealer and SEC-registered investment adviser. Baird provides support services to SAM on legal and compliance matters, and SAM's Chief Compliance Officer also serves as a senior compliance professional at Baird. SAM has a relationship with Baird in which it recommends to clients that they appoint Baird as custodian when those clients do not have a custodial relationship or preference. When Baird serves as custodian for client accounts that retain SAM for Portfolio Management Services, Baird provides trading services in addition to custody and account maintenance services for a quarterly fee that generally is at an annual rate of 0.15% of the value of the client's account. Unless otherwise agreed, clients authorize Baird to deduct SAM's fee and Baird's fee directly from the client's custodial account in advance, with Baird remitting SAM's fee to SAM. The fee to Baird covers the custody, account maintenance, advisory and trading services provided by Baird. Thus, when SAM places orders for securities transactions with Baird for execution, Baird will not charge commissions on those transactions. The fee payable to Baird is a quarterly fee, payable in advance, generally at an annual rate of 15 basis points, i.e., 0.15%, of the value of client assets in the account managed by SAM. Baird's Platform presents a conflict of interest for both SAM and Baird. SAM has an incentive to recommend Baird's Platform because Baird does not charge SAM for use of its Platform and SAM, by virtue of its affiliation with Baird, indirectly benefits from the revenues that Baird receives for the services Baird provides to clients. Baird also benefits from SAM clients who use its Platform because of the fee revenue Baird receives for its custody and trading services.

3. Affiliation with Investment Companies: Strategas acts as investment advisor to the Strategas Global Policy Opportunities ETF and the Strategas Macro Thematic Opportunities ETF. As noted in Item 4 above (see that Item for more information), as of the date of this Brochure SAM is expected to serve as investment advisor for the Strategas Macro Momentum ETF (SAMM). As of the date of this Brochure, SAMM's anticipated inception date is April 4, 2024.

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

SAM has adopted a Code of Ethics to ensure that securities transactions by its employees are consistent with SAM's fiduciary duty to its clients and to ensure compliance with legal requirements and our standards of business conduct.

SAM does not buy or sell securities for its own account. However, SAM manages client accounts that are owned by persons associated with SAM. Such client accounts are treated in the same manner as all other SAM client accounts.

SAM's employees and supervised persons are permitted to buy or sell for their personal accounts the same securities held in client accounts. However, SAM's employees and supervised persons are not permitted to personally benefit from the short-term market effects of SAM's investment recommendations and may not trade ahead of SAM clients or trade in such a way to obtain a better price for themselves than SAM's clients. SAM's employees and supervised persons are generally required to seek preapproval before entering into any securities transactions from SAM's Chief Compliance Officer or her designee. The Code generally prohibits SAM's employees and supervised persons from trading during a three-day blackout period following the Model Portfolio release to clients. Further, SAM's employees and supervised persons with knowledge of model changes in the Strategas ETFs are subject to a three-day blackout period prior to the dissemination of the respective model, including both shares of the Strategas ETF and its underlying portfolio securities. In addition, no SAM supervised person may enter into a securities transaction regarding a particular security if the person knows or has reason to believe that the security will be traded for a client account managed by SAM. The CCO or her designee may authorize such personal securities transactions if he or she determines the transaction does not conflict with a fiduciary duty owed to a SAM client. SAM's employees and supervised persons are also prohibited for using/misusing material non-public information or engaging in insider trading.

SAM's employees and supervised persons are permitted to buy or sell for their personal accounts the shares of mutual funds or ETFs for which SAM serves as an adviser or sub-adviser. SAM, in

providing Portfolio Management Services, does not recommend to clients the shares of mutual funds for which it serves as an adviser or sub-adviser.

SAM's employees and supervised persons must comply with SAM's Compliance Procedures Manual and Code of Ethics, which impose these personal trading and other restrictions. On a quarterly and annual basis, SAM's employees and supervised persons must report their personal securities trading activity and securities holdings, with limited exceptions, to SAM. The CCO or her designee reviews the quarterly and annual reports for any improper trading activity.

Any individual who fails to comply with the Compliance Procedures Manual or Code of Ethics may be subject to discipline. A copy of SAM's Code of Ethics is available upon request by email at compliance@strategasrp.com.

Item 12. Brokerage Practices

Selection of Broker-Dealers

Portfolio Management Clients-Separately Managed Accounts

SAM does not trade portfolio securities for Model Portfolio Delivery clients. It only trades portfolio securities for Portfolio Management Services clients. For other SMA clients, as a result of how SAM structures its business, SAM generally does not select broker-dealers for client transactions. Rather, SAM's clients have a relationship with a Platform or custodian that provides execution services (often through a wrap fee program), and the client or the platform instructs or encourages SAM to execute trades through the platform broker. These Platforms may have affiliated broker-dealers that offer commission rates that are lower or may offer wrap fee services for clients in which the fee paid by the client covers securities transactions and no separate commissions are charged. Although the Platforms may permit SAM to select other broker-dealers to execute trades if determined by SAM that it is in the client's best interest to do so consistent with SAM's best execution obligation, it is unlikely that SAM will place orders with broker-dealers that do not have custody of client accounts on a Platform because the Platform's broker-dealers are capable of efficiently executing trades in the types of liquid, public US equities and ETFs in which SAM primarily invests for client accounts and they do so either at attractive commission rates or, in the case of wrap fee relationships, without commissions.

SAM may engage third parties to assist with or conduct trading of client accounts in certain instances. Currently, SAM has engaged a third party to trade the portfolio securities of the Strategas Global Policy Opportunities ETF and the Strategas Macro Thematic Opportunities ETF. Investors in those ETFs should review the prospectuses and other offering documents for those ETFs for more specific information.

If SAM has the discretion to select the broker-dealer to execute portfolio trades for Portfolio Management Services clients, SAM seeks to obtain quality execution for security transactions through brokers and dealers. The primary consideration in the execution of all portfolio transactions is prompt execution of orders in an efficient manner at as favorable a price as possible under the circumstances. In selecting broker-dealers and negotiating commissions, SAM considers a variety of factors including, among others, the price of the security, the quality of execution and liquidity services provided by the broker-dealer, the broker-dealer's ability to obtain a timely execution, the size and difficulty of the order, the reliability, efficiency, accuracy and integrity of the broker-dealer's general execution and operational capabilities, and the broker-dealer's financial condition. Under no circumstances does SAM consider, in selecting brokers or dealers to execute transactions for SEC-registered investment companies, a broker's or dealer's promotion or sale of shares issued by the fund client. SAM does not enter into any agreement (oral or written) or other understanding under which SAM directs portfolio transactions, or any remuneration to a broker/dealer, in consideration for the promotion or sale of shares issued by a fund client.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the execution capability, commission rates and the benefit to the client.

Although SAM is affiliated with two broker-dealers, STS and Baird, SAM will not select either such broker-dealer to execute portfolio securities trades for client accounts managed by SAM due to the potential conflict of interest, without the prior consent of the client after appropriate disclosures are made to the client. However, a client that

participates in a program offered by Baird or that otherwise selects Baird to act as custodian for the client's account should note that SAM will generally use Baird to execute trades for the client's account.

Research and Other Soft Dollar Benefits

SAM generally does not receive research products or services from, or enter into arrangements with, broker-dealers for the receipt of research products services, which are paid for using client commissions. These are known as "soft dollar benefits." The Model Portfolios that SAM delivers to clients or uses to manage client accounts are generated by STS and thus SAM generally does not need any research services from broker-dealers or other third parties. However, it has the right to do so. To the extent it chooses to receive research or other products or services, in addition to execution services, from a broker-dealer in connection with client securities transactions without any separate payment from SAM out of its own resources for such services, SAM will rely on Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) allows asset managers such as SAM to cause clients to pay higher commissions to a broker-dealer that provides research and other services in addition to execution than the commissions charged by broker-dealers that provide execution-only services, so long as SAM determines in good faith that the amount of commission to that broker-dealer was reasonable in relation to the value of the brokerage and research services provided by that broker-dealer. These services may include investment-related research on individual companies, sectors, industries and other market segments; pricing information and market data; investment professional and portfolio management publications; economic, policy, industry and other technical journals; attendance at conferences, meetings, and/or educational or social events; computer software or other products and services useful to SAM in providing investment advisory services to clients. These research and other products and services would be used to service all of SAM accounts, not just the client accounts managed by SAM whose commissions are used to pay for the services.

The receipt of such services may give SAM an incentive to consider such services in connection with recommending or continuing relationships with the entities that provide such services. SAM ensures that it has determined in good faith that the commissions and other fees charged by each

are reasonable in relation to the value of the brokerage and other services contracted for and received.

In addition to the soft dollar arrangements described above, as discussed in Item 4, SAM provides advisory services through certain Platforms that provide brokerage and custodial services. The Platforms allow SAM to access, on behalf of its client accounts, institutional trading desks typically not available to retail investors. Other benefits SAM may receive through its participation in the Platforms include the following products and services (provided without cost or at a discount): research related products and tools, consulting services, access to block trading, the ability to have advisory fees deducted directly from client accounts, and discounts on compliance, marketing, research, technology and practice management products or services. The benefits that SAM receives do not depend on the number of SAM clients who execute their trades through, or custody their accounts at, such Platforms. The Platforms generally do not disclose the cost of these benefits to SAM. Although the commissions charged to SAM clients with respect to such platforms may be higher than the lowest commissions available, SAM has determined that these commissions are reasonable in view of the execution capabilities of the Platforms, the level of services provided to SAM clients, and the ancillary services provided to the Firm.

Brokerage for Client Referrals

SAM does not consider, in selecting or recommending broker-dealers, whether SAM or a related person of SAM receives client referrals from a broker-dealer or a third party.

As discussed above and in Item 4, SAM has relationships with certain Platforms through whom SAM provides advisory services to the Platform's clients and from whom SAM receives some research and other benefits. SAM receives client referrals from these Platforms. Accordingly, SAM may have an incentive to recommend these Platforms, and the brokerage services of these Platforms, based on its interest in receiving these services and referrals rather than the clients' interest in receiving most favorable execution.

Directed Brokerage

SAM typically does not select the broker-dealer that executes the trades on behalf of SAM clients

whose accounts are on a Platform. Rather, the Platform typically selects the broker-dealer. One of the Platforms is Baird. SAM will often recommend that clients who seek portfolio management services from SAM and who do not have a relationship with or preference for a particular custodian use Baird as their custodian. Baird is also a broker-dealer with trading capabilities. When clients use Baird as custodian for the accounts that SAM manages, they direct SAM to place orders for securities transactions with Baird and Baird executes those orders. These arrangements with Platforms including Baird are regarded as forms of directed brokerage.

In addition, SAM clients may be permitted to direct brokerage under the terms of their agreement between them and the Platform or otherwise by so informing SAM. Where the client directs brokerage, SAM may be unable to achieve the most favorable execution for the client's trades. Where the client directs brokerage, the client may be foregoing any benefit from savings on execution costs that SAM or the Platform could obtain as a result of negotiating the commission or aggregating (as discussed below) transactions with other clients. Such clients may pay higher commissions than clients who have not directed SAM or the Platform to execute transactions through a specific broker or dealer. Such clients may also not receive the most favorable available price with respect to certain transactions effected for the client's account. Clients directing brokerage to a particular broker-dealer have the responsibility of determining whether the commissions, executions, clearance and settlement capabilities, and fees for custodial or other services provided to the client by that broker-dealer are appropriate.

Aggregated Trades

SAM may aggregate contemporaneous buy and sell orders for client accounts over which it has discretionary authority when it is feasible to do so. An aggregation of client orders is also known as a block or bunched trade. This practice may enable SAM to obtain more favorable execution, including better pricing and enhanced investment opportunities, than would otherwise be available if orders were not aggregated. Using block transactions may also assist SAM in potentially avoiding an adverse effect on the price of a security that could result from simultaneously placing a number of separate, successive or competing, client orders. All advisory clients participating in a

block transaction will receive the same execution price for the security bought or sold. Average prices may be used when allocating purchases and sales to a client's account because such securities may be purchased and sold at different prices in a series of block transactions. As a result, the average price received by a client may be higher or lower than the price the client may have received had the transaction been effected for the client independently from the block transaction.

Transactions for a client that has directed the use of a particular broker or dealer or transactions over which SAM does not have discretionary authority may not be combined in a bunched or block order and may be placed at the end of bunched trading activity for a particular security. This may result in the client receiving a price that is less favorable than the price obtained for the bunched orders, and may also result in higher commissions, greater spreads or less favorable net prices.

SAM follows a trade rotation policy that is designed to be fair and equitable to clients over time, pursuant to which the Platforms (and, if applicable, a block trade for clients who are not on a Platform) are placed on a randomly generated list, which then provides the order in which the block trades are executed. After a block trade has been executed, the list rotates, with the Platform at the top of the list going to the bottom of the list. However, a client should be aware that SAM's trade rotation practices may at times result in a transaction being effected for the client's portfolio that occurs near or at the end of the rotation and, in such event, client's trade orders will significantly bear the market price impact, if any, of those trades executed earlier in the rotation, and, as a result, the client may receive a less favorable net price for the applicable trade.

Trade Error Correction

It is SAM's policy that if there is a trade error for which SAM is responsible, SAM will take actions, based on the facts and circumstances surrounding the error, to put the client's account in the position that it would have been in as if the error had not occurred, including by adjusting or reversing the transaction, entering an offsetting transaction, reallocating the transaction to another account (subject to the review and approval of SAM's compliance department), or other methods that may be deemed appropriate by SAM. Trades will be adjusted or reversed as needed in order to position

the account to where it would have been had the error not occurred. The account will be reimbursed for any losses incurred as a result from the error; however, if the error results in a gain, the Account will retain the gain.

Item 13. Review of Accounts

Account Reviews

SAM periodically reviews client accounts to ensure SAM is delivering its services in accordance with the terms of the applicable agreements.

For Portfolio Management Services clients, the portfolio manager or his designee reviews the client's account at least quarterly to confirm the client has received the correct Model Portfolio information and (where applicable) the portfolio has been rebalanced in accordance with the Model Portfolio update. The portfolio manager or his designee also checks accounts for compliance with client-imposed restrictions. These quarterly reviews typically coincide with the quarterly distributions of Model Portfolio updates.

Account Reporting

For Model Delivery Services clients, SAM typically does not provide written or oral reports to its model delivery clients regarding their accounts other than the invoices for fees. Clients may request information regarding the Model Portfolio updates from SAM at any time.

For Portfolio Management Services clients (separately managed accounts), SAM and/or the Platform provide reporting to clients consistent with the agreements entered into between the client, SAM, and the Platform. Typically, the clients receive a quarterly written statement that includes, among other things, the securities, quantity, and end of quarter value, and an annual statement of realized gains/losses. Clients may request information regarding their accounts from SAM at any time. As appropriate or needed, SAM works with the Platform to respond to such requests.

Item 14. Client Referrals and Other Compensation

SAM may provide compensation to individuals who refer clients in some instances. When applicable, the compensation paid is a percentage of the client's fee payments or the value of the client's account. The amount of compensation will vary, with the specific level determined based upon

consideration of various factors including, but not limited to, the individual's role in developing the client relationship and the assets under management. SAM may pay these fees to registered representatives of SAM and its affiliates, including STS. SAM and its employees or supervised persons do not receive any additional economic benefit (including for example, sales awards or other prizes) from any non-client for providing investment advice or other advisory services to SAM clients.

SAM does not enter into any agreements (oral or written) or other understanding under which SAM pays, either directly or indirectly, any compensation to third parties for client referrals. As explained above, SAM participates in institutional programs that provide a Platform, including access to brokers and custodians, to SAM's clients. From time to time, SAM may receive a client referral from one of the Platforms.

Item 15. Custody

SAM is affiliated with Baird by virtue of common ownership and Baird is a qualified custodian. SAM is deemed to have custody of client assets when Baird maintains custody of client accounts. SAM clients, regardless of their advisory relationship, are under no obligation to use Baird as custodian of their assets. Clients are responsible for selecting the qualified custodian where their assets will be maintained. SAM recommends that clients use Baird as custodian for their accounts when those clients do not have other custodial relationships or preferences.

All clients for whom SAM is deemed to have custody receive quarterly account statements directly from the qualified custodian. SAM urges clients to carefully review the statements received from qualified custodians.

Item 16. Investment Discretion

SAM exercises discretionary authority when providing Portfolio Management Services to clients. Before SAM can assume discretionary authority to manage client assets, the client must enter into a written agreement that gives SAM, either directly or through a primary investment adviser, the power to make purchase and sale decisions for the client account. The written agreement may be an advisory agreement between SAM and the client, or a sub-advisory agreement between SAM and the client's adviser, including (but not limited to) the

relevant Platform. In some instances, SAM's discretionary authority in making these decisions may be limited by reasonable restrictions or modest investment changes regarding the securities selected for a Model Portfolio imposed by the client.

Where investment discretion has been granted, SAM manages the client's portfolio and makes investment decisions without specific direction from the client, subject to the client's selected Model Portfolio. Such decisions include determinations regarding which securities are bought and sold for the account, and the total amount of the securities to be bought and sold.

See "Item 12 Brokerage Practices" regarding SAM's practices on brokerage discretion.

Item 17. Voting Client Securities

For certain clients, SAM, as directed by the client in writing, is responsible for voting proxies related to securities held in the client's account. This is typically the case when SAM manages the client's account with discretion. SAM has engaged an independent proxy voting service, currently Institutional Shareholder Services Inc. ("ISS"), to assist substantively with its proxy voting responsibilities, though SAM maintains voting authority with respect to securities held by advisory clients who have executed advisory agreements with SAM and that have delegated proxy voting authority to SAM. In order to act consistently with Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended, and carry out its fiduciary duty, SAM has adopted and implemented policies and procedures that are reasonably designed to (i) ensure that it votes proxies in a manner consistent with the best interest of its advisory clients, and (ii) sufficiently evaluate ISS in order to ensure that it recommends votes that are in the best interest of SAM's advisory clients.

As a fiduciary, SAM assesses ISS on an annual basis to ensure it has the capacity and competency to analyze proxy issues, including, but not limited to, the adequacy and quality of the independent proxy voting service's staffing and personnel; the robustness of its policies and procedures regarding its ability to (i) ensure that its proxy voting recommendations are based on current and accurate information and (ii) identify and address any conflicts of interest. Further, SAM assesses

whether these voting guidelines or recommendation policies are generally appropriate for the clients whose proxies are being voted.

SAM will typically vote shares in accordance with the recommendations made by the independent proxy voting service. However, the independent proxy voting service's guidelines are not exhaustive, do not address all potential voting issues, and do not necessarily correspond with the opinions of the portfolio managers. In the event a portfolio manager believes the independent proxy voting service recommendation is not in the best interest of the client, he/she will bring the issue (a "proxy challenge") to SAM's Risk Committee (the "Committee"). The Committee will consider what is in the best interest of clients when evaluating the proxy challenge, including an evaluation of the portfolio manager's rationale and any potential conflicts of interest. The decision made by the Committee on the proxy challenge will apply to all advisory accounts managed by the portfolio manager that submitted the proxy challenge. The decision on the issue will be communicated to the portfolio manager and, if the proxy challenge is approved, the vote(s) will be cast in accordance with the Committee's instructions. For those matters for which the independent proxy voting service does not provide a specific voting recommendation, the portfolio manager will be responsible for casting the vote in a manner he/she believes is in the best interest of clients, subject to approval by the Committee.

There may be instances where SAM's interests conflict, or appear to conflict, with advisory client interests. SAM generally believes a material conflict exists if a portfolio manager (i) manages or is pursuing management of accounts that are affiliated with the company soliciting proxies, (ii) is aware of investment banking or other relationships that SAM or a SAM affiliate has had or is pursuing with the company soliciting proxies (or its senior officers) that may give SAM an incentive to vote as recommended by the company, or (iii) has been asked or directed by persons associated with SAM (or a SAM affiliate) or the company soliciting proxies to vote proxies in a certain manner in order to maintain or develop a relationship between SAM (or a SAM affiliate) and the company. The Risk Committee may also determine a material conflict of interest exists for other reasons.

SAM's duty is to vote proxies in the best interests of advisory clients. SAM will typically vote shares in accordance with the recommendations made by the independent proxy voting service, which generally mitigates conflicts. However, in situations where there is a conflict of interest and the independent proxy voting service does not provide a recommendation or there is a proxy challenge, the Risk Committee will determine the nature and materiality of the conflict.

If a client would like to know how SAM voted any proxy in their account, they may contact the SAM supervised person who handles their account. Similarly, if a client would like a complete copy of SAM's written proxy voting policies and procedures or ISS's proxy voting guidelines, which detail the policies and procedures for casting proxy votes, they may contact the SAM supervised person who handles their account.

For Model Delivery Services clients and other clients who have not given SAM discretion to vote proxies, SAM is not responsible for voting proxies related to securities held in the client's account. Clients should review the terms of their account paperwork to determine if and how they will receive their proxies or other solicitations. It may be that the clients agreed to receive their proxies or other solicitations directly from their custodian or for the custodian to direct the proxies or other solicitations directly to a proxy advisory firm, without copy to the client. Clients may contact SAM with questions regarding proxy voting, including questions about a particular solicitation.

Class Action, Bankruptcies and Other Legal Proceedings. SAM neither advises nor acts on behalf of the client in legal proceedings involving companies whose securities are held in the client's account, including, but not limited to, responses to bankruptcies, the filing of claims or any other response to class action cases or class action settlements. To the extent that SAM receives any documentation directed to holders of the identified security, SAM forwards such documents to the relevant clients.

Item 18. Financial Information

SAM does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. SAM is not aware of any financial conditions that are

reasonably likely to impair its ability to meet its contractual commitments to clients, nor has it been the subject of a bankruptcy petition at any time during the past ten years.