

## Item 1 – Cover Page

# Coldstream

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March 29, 2024

This ADV Disclosure Brochure (Form ADV Part 2A, the “Brochure”) provides information about the qualifications and business practices of Coldstream. The oral and written communications of an Advisor provide you with information to help you determine to hire or retain an Advisor. If you have any questions about the contents of this Brochure, please contact us at 425.283.1600 or via [www.coldstream.com](http://www.coldstream.com).

Coldstream Capital Management, Inc., doing business as “Coldstream Wealth Management,” is an investment advisor registered with the United States Securities and Exchange Commission (SEC). Registration of an investment advisor does not imply that Coldstream or its directors, officers, employees or representatives have attained a particular level of skill, ability, or training.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Coldstream Wealth Management is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Coldstream who are registered, or are required to be registered, as investment advisor representatives of Coldstream. You can search this site by a unique identifying number, known as a CRD number. Our CRD number is 108805.

## **Item 2 – Material Changes**

This Brochure dated March 29, 2024, is a document prepared according to the Securities and Exchange Commission's requirements and rules effective October 12, 2010 and is an update to our previously distributed brochure dated October 19, 2023.

### *Summary of Material Changes:*

No material changes to report.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures. Upon delivery of the summary, we will offer a full copy of our most current Brochure. Updated interim brochures will be provided to you as necessary based on changes or new information, without charge.

Currently, our Brochure may be requested by contacting our Client Services Team at 425.283.1600 or [clientservices@coldstream.com](mailto:clientservices@coldstream.com).

Please note that we do not have to provide this material change information to a client or prospective client who has not received a previous version of our Brochure.

Notwithstanding the above, we encourage you to read this entire document.

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## Item 4 – Advisory Business

Coldstream, doing business as “Coldstream Wealth Management,” is a 100% employee/director owned comprehensive wealth management firm founded in 1996, with a corporate office in Bellevue, Washington, branch offices in Seattle, Kirkland, and Mercer Island, WA, Portland, OR, Boise, ID, and Kenai, AK. Coldstream (the “Advisor”) offers a full range of wealth management services, including portfolio management, family advisory, risk management, financial, retirement & education planning, and wealth transfer planning. Internal expertise is blended with selected outside advisors to provide a cohesive, holistic platform of guidance to clients.

Our investment advisory services are driven by our clients’ broad personal and financial goals. Our approach uses diversified portfolios and individualized strategies to manage investments. We follow strict fiduciary standards, asking ourselves “knowing what we know about the markets and our client’s objectives, what would we do in their situation.” Our investment advice is independent and beholden to no investment company or mutual fund. Our clients’ interests are first and foremost in our minds.

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Those conflicts are described in this ADV Part 2A Disclosure document, and in our ADV Part 3, Form CRS, which you should have also received.

### Tailoring of Advisory Services

Coldstream manages client portfolios on a team basis, each team (“Wealth Management Teams”) consisting of:

- Wealth Manager
- Portfolio Manager
- Wealth Management Associate
- Wealth Planner
- Client Service Associate
- Chief Investment Officer & Investment Strategy Group

Coldstream uses a step-by-step process to help clients establish goals and customize appropriate strategies to suit their vision and objectives. Coldstream’s process includes meeting with the client, determining investment objectives, creating an Investment Policy Statement (or equivalent guiding document) and completing a risk assessment. Client portfolios are managed independently based on clients’ situations, risk tolerances, and investment objectives pursuant to the Investment Policy Statement (IPS), which can include certain investment restrictions imposed by clients. For example, a client can restrict the purchase of certain securities, such as tobacco and “sin” stocks.

Coldstream typically meets with clients at least annually to review progress and the client’s expectations for their portfolio. We also provide clients with portfolio review reports that provide a review of assets and

current and historical performance. If the client chooses to, they may opt to access their account information and reports electronically via a secure login on our website at [www.coldstream.com](http://www.coldstream.com).

Coldstream also will provide these services on a non-discretionary basis. Coldstream notifies the client and obtains permission prior to the sale or purchase of each security within the managed, non-discretionary account.

**Following is a listing of the principal (25% or more) shareholder(s) of Coldstream:**

Kevin M. Fitzwilson - Managing Shareholder

**Assets Under Management**

Effective December 31, 2023 Coldstream managed a total of:

Discretionary Assets:	\$ 7,328,392,913
Non-Discretionary Assets:	\$ 250,319,617
<b>Total Assets:</b>	<b>\$ 7,578,712,530</b>

[figures as of December 31, 2023]

## Item 5 – Fees and Compensation

The current Coldstream standard fee schedule is as follows:

Minimum relationship size for private portfolio management is \$2,000,000. The minimum may be waived at Coldstream's discretion. Non-standard fee schedules are subject to the approval of the Chief Operating Officer or the Managing Shareholder.

ASSETS UNDER MANAGEMENT	ANNUAL FEE
0 - \$5,000,000	1.00%
\$5,000,001 - \$15,000,000	0.85%
\$15,000,001 - \$25,000,000	0.75%
Over \$25,000,000	0.50%

Investment advisory clients transitioned to Coldstream Wealth Management, and formerly served by Seidman Capital Group, should refer to the tri-party Investment Advisory Agreement between Client, Coldstream Wealth Management, and Orion Portfolio Solutions, LLC dba Brinker Capital Investments ("Brinker") for the investment advisory fees applicable to their specific investment services relationship. For clients formerly served by Seidman Capital Group who have transitioned to accounts serviced by Orion Portfolio Solutions, please see the Orion Portfolio Solutions Applications and Addenda for further information regarding the Orion Portfolio Solutions Schedule of Fees (the "Fees"), which may be amended from time to time by Coldstream upon 30 days' written notice to Client. Please see the Orion Portfolio Solutions Applications and Addenda for details on payment timing, valuation date, valuation methodology,

and treatment of margin balances when billing. Accounts will be subject to fees and expenses charged, directly or indirectly, by mutual funds or other investment funds; the Custodian; Broker-Dealers; and other service providers. All of these fees and expenses shall be included in the Fees charged to the Account.

### **Financial Planning**

Financial planning reviews and basic financial consulting services are included in the standard fee schedule for clients with assets under management greater than \$2 million or paying in excess of \$20,000 in annual fees. Financial planning services and fees are individually negotiated for clients with assets under management less than \$2 million, or paying less than \$20,000 in annual fees, and are dependent on the complexity of the planning and scope of services to be provided. Coldstream may charge a retainer and/or hourly fees for Client Services, which is designed to assist those clients who require a higher level of structure and coordination with outside providers such as estate planning, concierge, consulting, and related services.

For clients choosing to engage Coldstream solely for financial planning, the fee is negotiable based on the complexity and scope of the engagement. The fee for our typical engagement is a flat fee, based on depth and complexity of services, or can be charged as an hourly fee for planning and consulting services. Hourly fees are due and payable upon completion of the plan or services. In each case, the fee arrangements are negotiated with the client separately.

If clients elect to implement recommendations, their accounts may incur transaction costs, retirement plan administration fees, and other mutual fund annual expenses that are charged by broker-dealers, plan administrators or mutual fund companies that sell securities or provide additional services to Advisor's clients. These fees are in addition to and separate from planning and consulting fees.

There is a potential conflict of interest because there is an incentive for the Advisor offering financial planning services to recommend products or services for which the Advisor or an associated person receives compensation. However, financial planning clients are under no obligation to act upon any recommendations of the Advisor or to execute any transactions through the Advisor or an associated person if they decide to follow the recommendations.

### **Private Client Consulting Services**

For clients that engage Coldstream solely for Private Client Consulting services, designed to assist those clients who require a higher level of structure and coordination with outside providers such as estate planning, concierge, consulting, and related services, the fee is negotiable based on the complexity and scope of the engagement. In each case, the fee arrangements are negotiated with the client separately.

### **Private Fund and Limited Partnership Fees**

Fees associated with a Coldstream or Ascent private fund are assessed separately as per the agreement for each partnership/fund. Clients are not charged the standard investment advisory fees on these assets, thus are not subject to double fee charges.

Additionally, for Coldstream or Ascent private funds and any other investments in a Fund of Funds structure, expenses may be a higher percentage of net assets than would be the case in other investment entities. By investing in a fund of funds partnership, which in turn invests through sub-advisors, an investor will, in effect, incur the costs of two forms of investment advisory services: the management fee to cover expenses and profits allocated to the general partner for selecting sub-advisors, as well as the performance and other fees paid to sub-advisors themselves.

### **Corporate Pension and Retirement Plans**

For clients engaged under Coldstream Retirement Plan services, annual base fees for customary services are outlined below. These fees are negotiable and vary based on the complexity and scope of engagement and optional services plan sponsors may elect to offer. Refer to the contract for the full breakdown of service fees.

The minimum retirement plan account size for Coldstream Retirement Plan advisory services is \$5,000,000 and may be waived at Coldstream's discretion.

Outside of the Coldstream Retirement Plan advisory services, Coldstream also services retirement plan sponsors looking for an investment advisor to help shoulder fiduciary responsibilities. Under a 3(21) fiduciary advisory arrangement Coldstream will assist in the recommendation of investments to plan sponsors, monitor the selected investments to ensure performance, provide participant education, and provide guidance throughout the fiduciary process. As an ERISA Section 3(21) fiduciary, Coldstream does not have the authority to make and implement fiduciary decisions for these plans. Our recommendations relieve plan sponsors of some of the liability associated with their investment decisions when the decisions are based on our advice. This allows for the plan sponsor/trustee to retain ultimate decision-making authority for investments as they may accept or reject the recommendations. The plan sponsor is ultimately responsible for the selection and monitoring of the 3(21) investment manager and implementation of any of the 3(21) investment manager's investment recommendations, and assumes responsibility and liability for any overriding decisions made by the plan sponsor. The plan sponsor will have the opportunity to meet with us periodically to review the plan strategies.

When acting as an ERISA Section 3(38) fiduciary, Coldstream has the responsibility and authority to make and implement fiduciary decisions for the plan. If a retirement plan client engages Coldstream to act in this role, Advisor will act as the primary investment fiduciary for the Plan, including having responsibility for the prudent selection, monitoring, removal, and replacement of the various investments that make up the plan's portfolio of investments in accordance with the terms and conditions of the IPS adopted by the client on behalf of the plan. The client may provide additional limitations or instructions with regard to Advisor's investment role for the plan. Such limitations or instructions must be in writing, delivered to Advisor, which will become part of the client's investment profile.

Please refer to the retirement plan services agreement for all terms and conditions.

### **Other Services Offered by Affiliates**

Through our affiliation with The Rainier Group, Inc. ("Rainier Group") and their business advisory services, we also may offer financial modeling services. Financial modeling is a principal component of their wealth

advisory process and allows you to see the current and long-term impact of choices on financial security, taxation, wealth preservation, and other concerns. Rainier Group can create a detailed profile of your business, personal, family, and financial situation and objectives. Based on this understanding, financial models are used to compare and contrast planning strategies under various assumptions. This process helps you evaluate your options and make informed decisions regarding your investments, asset allocation, estate plan, and other related financial strategies.

### Fee Payment

Fees are paid quarterly in advance based on the market value of the account on the last day of the prior quarter. The basic fee schedule can vary at the relationship manager's discretion based on the scope of the total relationship. Fees can vary from the applicable schedules above based on factors such as client type, asset class, pre-existing relationship, service levels, portfolio complexity, and account size or other special circumstances or requirements. Some existing clients may pay higher or lower fees than new clients. The specific annual fee applicable to your relationship with us will be identified in the written Investment Advisory Agreement between us. As we charge fees on a relationship basis, we may group certain related client accounts together for the purposes of determining the annualized fee. Discounts may be offered to family members or associated persons of Coldstream.

In certain circumstances, Coldstream may charge an hourly or flat fee for advice not directly related to a specific account or for advice on investment accounts not actively managed by Coldstream. The fees will vary based on the circumstances involved, e.g., responsibilities involved, relationship to Coldstream, expectations of significant capital additions in the future, and/or the composition of the client's account, among other reasons. In each case, the fee arrangements are negotiated with each client separately.

Initial billable quarters may be pro-rated based on value of assets viewed in arrears, and length of time under management. In cases when the advisory agreement does not span the full billing period, fees are pro-rated through the date of termination for the current billing period and refunded to the client. Termination can be made by either party and is effective immediately upon receipt of written notice as per the investment advisory agreement.

All fees paid to Coldstream for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fund fees generally include fund management fees, fund expenses, and possibly a distribution fee. These fees and expenses are described in each fund's prospectus.

In addition, on occasion we recommend that a portion of the assets for a client be managed by one or more non-affiliated third-party sub-advisors. If this is the case, the client hires the sub-advisor directly, and no referral fees are paid. We generally negotiate management fees on your behalf directly with the sub-advisor. The clients who utilize the sub-advisor(s) will pay investment management fee(s) to that advisor, in addition to what they pay Coldstream. Such fees will be reflected separately from Coldstream management fees on your custodian account statements. The total fee you pay could be more than the fee charged by the third-party sub-advisor directly. However, in many instances you may not otherwise have access to these third-party sub-advisors as such access may only be available through arrangements we have negotiated directly with the sub-advisor.

Fees on Margin Accounts: for clients with margin accounts, we will bill fees gross of your margin balance. This means you will be billed on your long market value and the absolute value of your margin balance.

### Receipt of Additional Compensation

Investment advisor representatives can receive brokerage or mutual fund trail commissions from the sale of securities, in their capacity as registered representatives of Coldstream Securities, Inc., a registered broker-dealer, member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Coldstream Securities, Inc. is an affiliate of Coldstream Wealth Management; both are wholly owned subsidiaries under parent company Coldstream Holdings, Inc. This is not a frequent practice, and most often investment advisory-related products are recommended instead for these types of investments.

The practice of receiving brokerage or mutual fund trail commissions presents a conflict of interest as it provides an incentive to recommend investment products based on the compensation to be received rather than on the client's needs. The Advisor monitors trading practices and regularly reviews client securities transactions in order to protect clients against this conflict of interest. Clients are advised that they are not required to purchase or sell securities through the investment advisor representatives acting in the capacity of registered representatives of Coldstream Securities, Inc. and can purchase the same securities or products from an unaffiliated broker-dealer.

Insurance licensed Coldstream employees receive compensation for insurance products or services they sell to clients. Clients have the option to purchase insurance products or services through other brokers or agents who are not affiliated with Coldstream. The Coldstream insurance entity affiliates are CHI Life Insurance ("CHILI"), Seidman Insurance Consultants, LLC, and Fit Insurance (property & casualty insurance).

Coldstream fees do not include brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients incur certain charges imposed by custodians, brokers, third-party investments, and other third-parties such as fees charged by managers, custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees, and commissions are exclusive of and in addition to Coldstream fees.

Coldstream believes that its fees are competitive with fees charged by other investment advisors for comparable services. Comparable services may be available, however, from other sources for lower fees than those charged by Coldstream.

Item 12 – Brokerage Practices further describes the factors that Coldstream considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Coldstream has no performance fee arrangements with qualified clients.

## Item 7 – Types of Clients

Coldstream provides comprehensive wealth management services to the following types of clients:

- Affluent Individuals and their Families
- Corporate Executives
- Business Owners
- Multi-Generational Family Wealth
- Professional Athletes
- Private Foundations
- Corporate Pension and Profit Sharing (ERISA) Plans
- Public Sector Defined Contribution Plans
- Endowments and Not-for-Profit Organizations

Limitations to authority may be based upon specific written objectives and guidelines between Coldstream and the client, ERISA regulations, or other regulatory body directives.

Minimum account size for private portfolio management is \$2,000,000 or paying in excess of \$20,000 in annual fees.

The minimum may be waived at Coldstream's discretion. In addition, Coldstream may continue to service existing accounts that have values and fees that are below the minimum.

For ERISA clients, Coldstream will provide certain required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive by such clients. Generally, these disclosures are also contained in this Form ADV Part 2A, in the Retirement Plan Investment Advisory Agreement and in separate ERISA disclosure documents, and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by Coldstream; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements for plan participants.

Coldstream is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts ("IRAs") pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, we are subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which we and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which we and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset our advisory fees.

## Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

### Methods of Analysis

Our investment management solutions are designed to manage portfolios by integrating our internal expertise with external portfolio management in global equity, global fixed income, and alternative investment strategies. Our methods of security analysis include fundamental, technical, and cyclical analysis. Sources of information used by Coldstream include financial publications; inspections of corporate

activities; research materials prepared by others; corporate rating services; timing services; annual reports, prospectuses, and filings with the Securities and Exchange Commission; and company press releases.

### *The Investment Strategy Group*

The Chief Investment Officer and our Portfolio Managers also serve as members of the Coldstream Investment Strategy Group. The group meets regularly to review, analyze, and discuss the various forces and factors that affect the financial markets and, in turn, the client portfolios we manage. The group's review parameters include, for example, macroeconomic trends, Federal Reserve policy, inflation, currency influences, valuation metrics, and risk/reward profiles for various markets, market sectors, and asset classes. The Investment Strategy Group assesses the impact these factors have on client portfolios and distributes guidance to the Wealth Management Teams at least quarterly.

### **Investment Management Strategies**

At Coldstream, we carefully combine and balance non-correlated assets, seeking to reduce risk and capture returns. Our disciplined process relies on our direct experience in discrete asset classes and our understanding of the function each plays in achieving a diversified portfolio.

What follows is a listing of many of the asset classes and investment vehicles we advise on and frequently utilize in client portfolios:

- Domestic, International, and Emerging Markets;
- A range of equity capitalizations, from Large- to Small-Cap Stocks;
- A full range of fixed income instruments, from High-Yield Corporate Bonds to Municipal Bonds and Treasuries;
- Alternative Investments, including hedge fund strategies, private equity, venture capital, and leveraged buyouts; and
- Tangible Assets, including both public and private real estate, commodities, and other natural resources.

### ***Global Equity***

***Dividend Growth Large-Cap Strategy:*** This strategy consists of building and managing individual-issue common stock portfolios designed to provide meaningful dividend income while maintaining exposure to the market. The strategy primarily focuses on investing in large-cap common stocks (comprised primarily of domestic securities but may hold foreign ADR's as well) that provide strong growth potential and attractive dividend and yield opportunities and seeks to create a portfolio structure that is less volatile and more predictable than the overall stock market. Companies are selected based on a comprehensive scoring process that reviews valuation, earnings, expectations, key fundamental issues, and technical price behavior.

The Dividend Growth Large-Cap Strategy is used in individual portfolios.

**Dividend Growth Small- and Mid-Cap Strategy (DG SMID):** This strategy seeks companies with a demonstrated history of raising dividends and the potential to continue growth of dividend payments at a rate greater than market average. The strategy primarily invests in small- and mid-cap companies which are evaluated and ranked within their sectors according to their relative dividend yield, dividend growth, dividend consistency, valuation, free cash flow, and payout ratio. The strategy is sector neutral to the Standard and Poor's Completion Index.

**Tax-Managed Equity Strategies:** Coldstream builds and manages equity portfolios designed to track various U.S. equity indices, such as the S&P 500 Index, Russell 2500 Index, and S&P 1500 Index, as well as blends of indices. The strategies strive to balance tracking error to the relevant index with realization of taxable losses and deferral of taxable gains, with the objective of generating a higher after-tax return than a passive index fund. Securities in this strategy are separately owned and managed in the investor's name, allowing for flexibility in tax management.

**Sub-Advised Strategies:** Coldstream offers access to external money managers, mutual funds, and equity or indexing strategies, for various investment disciplines as desired by the client and when appropriate for the client's situation.

### **Equity Strategy Risks**

#### **Equity Market Risk**

- An investor could lose money due to a sudden decline in the share price or to an overall decline in the stock market. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.
- Our strategy for managing these portfolios may not achieve the desired results or can be less effective than other strategies in a particular market environment.
- Investments in foreign equity securities involve increased risk due to political, social, and economic developments abroad as well as differences between regulatory practices.
- A higher turnover rate may indicate higher transaction costs and can result in higher taxes in taxable accounts. These costs can also affect the strategies' performance.

#### **Management Risk**

- Our judgments about the attractiveness, value, and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated.
- The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results.
- Our estimate of intrinsic value may be wrong or, even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.
- We conduct extensive quantitative and qualitative research, drawing on numerous analytic tools and a database of thousands of traditional and alternative asset managers. Security selection follows

similar protocols. For all the investments we make, our due diligence efforts are thorough and ongoing.

## **Small- and Mid-Cap Company Risk**

- Investments in small- and mid-cap companies may be riskier than investments in larger, more established companies.
- The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies.
- Small- and mid-cap companies may be more vulnerable to economic, market, and industry changes.

## ***Global Fixed Income***

Our fixed income strategy is to assess the overall direction of interest rates and determine position durations accordingly. We analyze the yield curve to determine advantageous portfolio construction. We determine the relative attractiveness of corporate vs. municipal and government and/or government agency securities.

Based on the results of our analysis, we adjust durations/maturities when conditions indicate and shorten portfolio exposure when necessary to preserve capital. This means that when we believe interest rates are falling, we lengthen duration to take advantage of the increased returns that should be available as rates drop. Likewise, when market indicators warn of forces that threaten the markets, our managers will seek to shorten portfolio maturities and durations with the goal of limiting potential declines.

**Nuveen Strategic Municipal Income:** The strategy uses a combination of capital appreciation and income to achieve a total return. Total return strategies utilize yield curve positioning, economic forecasting, and market inefficiencies with the goal of maximizing returns. The strategy will use both quantitative and qualitative processes to select securities with optimal risk adjusted value. The strategy will seek to provide high after-tax total return while focusing on capital preservation through detailed credit research and bond selection.

**Nuveen Limited Maturity Municipal bond:** The strategy has a portfolio objective to provide low portfolio fluctuation while generating consistent income. The strategy is designed with highly liquid investment grade bonds with a target maturity of 3-7 years.

**Nuveen Intermediate High Quality Municipal:** The strategy seeks total return with a secondary objective of current income. The strategy consists of high quality A3/A- or better bonds.

**Nuveen Income Opportunity:** The portfolio objective is to maximize current income with a secondary objective of total return. The portfolio will invest in investment grade bonds which may include taxable or tax-exempt bonds including municipal, corporate, and/or U.S. Government bonds.

**Our relationship with Nuveen:** Coldstream's Investment Strategy Group is a partner with Nuveen Asset Management for strategic yield curve positioning and tactical duration. Coldstream uses Nuveen's agnostic approach to analyze credit quality when selecting bonds, and our partnership allows for access to all areas

of the municipal market and for the efficient pricing power. There may be other Nuveen strategies available for investment by clients.

The Municipal Bond Strategy may be used in individual portfolios. In addition to separately managed accounts Coldstream builds and manages individual-issue corporate, U.S. Treasury, and municipal bond portfolios customized to a client's specific diversification requirements, income needs, time horizon, tax considerations, and state of residence.

### ***Fixed Income Risks***

#### **Fixed Income Market Risk**

- A rise in interest rates may cause accounts participating in a fixed income strategy to decline in value. When interest rates are low, the income distribution may be reduced.
- The value of any of the investments may decline in response to events affecting the issuer, its credit rating, or any underlying assets backing the securities; such as the effect on mortgage-related securities from real estate market weakness or defaults on underlying mortgages.
- The duration of these securities affects risk, with longer-term securities generally more sensitive to interest rates and more volatile than shorter-term securities.

#### **Management Risk**

- Our judgments about the attractiveness, value, and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated.
- The value of an individual security can be more volatile than the market as a whole, and our intrinsic value approach may fail to produce the intended results.

#### **Credit Risk**

- There is a risk that issuers and counterparties will not make payments on the securities they issue.
- In addition, the credit quality of securities may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity and our ability to sell the security.

### ***Structured Instruments***

Coldstream uses structured notes in individual portfolios to provide targeted exposure to an investment thesis. These investments provide exposure to a given market with a risk/reward profile that is typically unattainable through other investments.

#### **Structured Instrument Risk**

- The price of structured instruments may be more volatile than other debt securities.

- Although structured instruments may be sold in the form of a corporate debt obligation, they may not have some of the protection against counterparty default that may be available with publicly traded debt securities.
- Issuers generally are not obligated to provide a secondary market for structured products that they issue; most universally do so in order to facilitate ongoing issuance. Generally, the issuer of a given structured note is the only available market maker.
- Even with exchange-listed structured notes there generally is limited market-making.
- Consequently, the issue is not the lack of a secondary market but rather the transparency and price quality, and the credit worthiness of the underlying issuer of the product.
- The securities may not be principal protected, or only partially principal protected; there may be the possibility you will receive less at maturity than you originally invested.

### ***Alternative Investment Strategies***

**Real Estate:** Coldstream offers direct access to private real estate limited partnerships and diversified multi-project real estate pooled partnerships for qualified investors seeking the tax, income, and diversification benefits of private real estate. Coldstream may also invest in real estate focused exchange-traded funds (“ETFs”).

**Hedge Fund of Funds:** Coldstream offers access to managed hedge fund of funds, which pursue multiple strategies to diversify risks and reduce volatility.

**Private Equity and Venture Capital funds:** Coldstream offers access to third-party managed partnerships in U.S. and non-U.S. venture capital and growth equity, buyouts, and special situations. Investment partnerships are typically composed of a limited number of partners and at least one general partner. The liability of the limited partners is restricted to the amount of each partner’s investment. The liability of the general partner is theoretically unlimited and extends beyond the amount invested to personal or corporate assets. Because of this increased exposure, the general partner manages the partnership, makes the investment decisions, and receives management fees and a higher portion of the return on partnership investments.

Coldstream is the managing partner, or controls the ownership, of alternative investment private partnerships, including the Ascent funds. Client investment teams are eligible to receive additional compensation from the Coldstream-affiliated fund managers for client investment in these funds. This practice presents a conflict of interest as it provides an incentive to recommend investment products based on the compensation to be received rather than on the client’s needs. Clients are under no obligation to invest in Coldstream-affiliated private investments and may direct us to limit or exclude them from their portfolios.

For all private fund investments, please refer to the fund offering documents and Private Placement Memorandums for specific information on the strategies, risks, and qualifications for investing in a particular private investment. The risks described below are not meant to constitute a full disclosure of the risks, fees, and conflicts involved with an investment in these types of funds, including Coldstream-affiliated funds. It is critical that a client read the Private Placement Memorandum and other offering materials carefully.

## **Real Estate Risk**

- Real Estate Investment Trusts (“REITs”), although not a direct investment in real estate, are subject to the risks associated with investing in real estate.
- The value of these securities will rise and fall in response to many factors including economic conditions, the demand for rental property, and changes in interest rates.

## **Hedge Fund and Other Private Fund Investment Risks**

- Some private funds, including the Ascent funds, are exempt from SEC registration and only available to institutions and “accredited” or “qualified” investors.
- Such investors are assumed to be sophisticated purchasers who have no need for liquidity and who are able to withstand the loss of some or all of their investment.
- Alternative Investment hedge fund or other private fund strategies are intended to further diversify investor holdings and are not considered a stand-alone investment program.
- Limitations on withdrawal rights and non-tradability of interests create higher liquidity risk and these investments should be viewed as long-term investments. Investors should not consider investing in private funds with less than a multiple-year time horizon. There may be no established market for interests, nor is it possible for one to develop as a result of legal restrictions.
- Partnership and fee expenses may be a higher percent of net assets than would be the case in other investment entities; performance or incentive fees may also be assessed in addition to management and administrative fees.
- Please refer to the fund offering documents and Private Placement Memorandums for specific information on the strategies, risks, and qualifications for investing in a particular private investment.

## **Private Equity and Venture Capital Risk**

Because of the nature of the limited partnership structure partnership investments should be considered long term and illiquid.

- There are typically no secondary markets in which these types of investments trade.
- Therefore, if the value of the underlying assets should decline, the value of partnership shares would also decline and unlike other types of securities, an investor may find it hard to quickly sell shares in an illiquid market.
- Please refer to the fund offering documents and Private Placement Memorandums for specific information on the strategies, risks, and qualifications for investing in a particular private investment.

## **Sub-Advised Investment Strategies**

Investment advisory clients transitioned to Coldstream Wealth Management, and formerly served by Seidman Capital Group, should refer to the tri-party Investment Advisory Agreement between Client, Coldstream Wealth Management, and Orion Portfolio Solutions, LLC dba Brinker Capital Investments

("Brinker") for the investment programs offered by Brinker, and applicable to their specific relationship. For clients formerly served by Seidman Capital Group who have transitioned to accounts serviced on the Orion Portfolio Solutions, please see the Orion Portfolio Solutions Applications and Addenda for further information on the investment programs offered by Orion, and applicable to their specific relationship.

### Cybersecurity

Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that we are subject to cyber-attack or other unauthorized access is gained to our internal systems, we may be subject to substantial losses in the form of stolen, lost, or corrupted (i) client data or payment information; (ii) client investment information, contact lists or other databases; (iii) internal trade secrets; or (iv) other items. In certain situations, our failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of which could subject Coldstream to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Coldstream or one of its service providers holding our financial or client data, Coldstream and its affiliates may also be at risk of loss, despite efforts to prevent and mitigate such risks under Coldstream policies.

### Business Continuity / Disaster Recovery

In the event of a business interruption, our primary objectives are to:

1. Minimize the impact of the interruption;
2. Sustain a minimally acceptable level of service for an extended period of time; and
3. Return to normal business activities as quickly as possible.

The goal is to keep the downtime to a minimum, prevent losses in all portfolios, and organize staff in the event of a disaster. Our Business Continuity and Disaster Recovery plan and protocols are retained in a separate document, as are succession plans for key employees of Coldstream.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Coldstream or the integrity of Coldstream's management. Coldstream has no information applicable to this Item.

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

Coldstream Holdings, Inc. ("CHI") is the parent company of Coldstream Capital Management, Inc., an investment advisory firm doing business as "Coldstream Wealth Management," and Coldstream Securities, Inc., a broker-dealer registered with FINRA. Coldstream Capital Management, Inc. investment advisor representatives may also be registered as representatives of Coldstream Securities, Inc. CHI is also the parent company of Fit Insurance, Inc., an independent, multi-carrier property and casualty insurance

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agency, Coldstream Holdings Inc. Life Insurance (“CHILI”), Seidman Insurance Consultants, LLC (Life Insurance), Hersman Serles Almond, LLC (Accounting and Tax Consulting) and The Rainier Group, Inc. Ascent Capital LLC is a wholly owned subsidiary of Coldstream Capital Management, Inc.

All information contained in this filing reflects pass-through information for Coldstream Holdings, Inc.

There is a contract in place between Rainier Group and Coldstream that allows them to share office space, equipment, and other typical business resources. Employees who provide investment advisory services through Coldstream, may also have clients who are clients of Rainier Group, Inc.’s business consulting services group. Consulting clients of Rainier Group are not obligated to engage us for their investment advice or wealth management services. However, Rainier Group, Inc.’s business consulting services group has a financial interest in referring clients to us. The relationship between Rainier Group and Coldstream creates a conflict of interest that may impair the objectivity of employees of Rainier Group when making recommendations on the engagement of an investment advisory provider. We endeavor at all times to put the interest of our clients first as one of our core values, which supports our fiduciary duty as a registered investment advisor.

Ascent Capital LLC is a wholly owned subsidiary of Coldstream Capital Management, Inc. Coldstream may also solicit clients to make an investment in Ascent funds, if deemed appropriate for the client, their risk tolerances, and other factors. The Ascent funds are real estate lending partnerships investing in projects located in the Pacific Northwest.

Coldstream Holdings, Inc. has a wholly owned subsidiary, Fit Insurance, Inc., an independent, multi-carrier insurance agency specializing in providing property, casualty, and life insurance for individuals, families, and commercial businesses. Coldstream Capital Management, Inc. may make referrals to Fit Insurance, Inc. and vice versa if deemed appropriate for clients. Revenue will be shared between the affiliated entities should successful referrals occur.

Coldstream Holdings, Inc. has wholly owned subsidiaries, Hersman Serles Almond LLC (HSA), an independent accounting and tax consulting services firm specializing in providing tax and estate planning for individuals, families, and commercial businesses, and Seidman Insurance Consultants, LLC, a life and disability insurance company. Coldstream Capital Management, Inc. may make referrals to HSA or Seidman Insurance Consultants, LLC and vice versa if deemed appropriate for clients. Revenue will be shared between the affiliated entities should successful referrals occur, and this creates a conflict of interest that may impair the objectivity of employees when making such referrals. Clients are under no obligation to engage a Coldstream affiliate for services.

Coldstream entered into an agreement with Fidelity Investments Co., an independent and unaffiliated broker-dealer (“Fidelity”) to participate in an advisor referral service designed to help investors find an independent professional investment manager in their area. As of April 12, 2021, we no longer participate in the Fidelity Wealth Advisor Solutions program (the “WAS Program”). Fidelity Personal and Workplace Advisors LLC (FPWA) acted as a solicitor for Coldstream, and Coldstream paid referral fees to FPWA for each referral received based on Coldstream assets under management attributable to each client referred by FPWA or members of each client’s household. We will continue to pay fees to Fidelity for prior closed client referrals.

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Coldstream entered into an agreement with Charles Schwab & Co., Inc., an independent and unaffiliated broker-dealer ("Schwab") to participate in Schwab AdvisorNetwork (the "Service"), an advisor referral service designed to help investors find an independent professional investment manager in their area. We terminated participation in this program as of January 1, 2007; however, we continue to pay Schwab fees for client referrals historically received through the Service.

Coldstream participated in the TD AMERITRADE Institutional AdvisorDirect referral program. TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. ("TD AMERITRADE") member FINRA/SIPC. We terminated participation in this program as of May 21, 2021; however, we continue to pay TD AMERITRADE fees for client referrals historically received through the Service. See Item 14 – Client Referrals and Other Compensation for additional information.

Coldstream on occasion will recommend that a portion of the assets for a client be managed by one or more sub-advisors. If this is the case, the client hires the sub-advisor directly, and no referral fees are paid. The clients who utilize the sub-advisor(s) will pay investment management fee(s) to that advisor, in addition to what they pay Coldstream.

Coldstream has solicitor's agreements with individuals or other entities not associated with us for successful referrals of new clients. Coldstream pays a percentage of the management fee and/or performance-based fee collected from the client to the referring party. Because these non-associated individuals or entities receive payment for successful referrals, a conflict of interest exists between prospective clients and the referrer. Clients under these agreements will not be charged fees higher than the standard fees described in Item 5 – Fees and Compensation. The compensation arrangement between Coldstream and the referrer is disclosed to prospective clients before they enter into investment advisory relationships with us. See Item 14 – Client Referrals and Other Compensation.

### Futures Commission Merchant/Commodities

Neither the Advisor nor any management person is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor, or an associated person for the foregoing entities; nor do they have any registration applications pending.

### Relationships with Related Persons

In addition to being registered representatives of Coldstream Securities, Inc., certain associated persons are insurance agents appointed with various insurance companies. Coldstream will receive compensation for insurance products or services that are sold to clients by insurance licensed Coldstream employees or third-party insurance providers. Clients have the option to purchase insurance products or services through other brokers or agents who are not affiliated with Coldstream.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions, Personal Trading**

Coldstream has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, employee related accounts, "front

running,” a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

### Employee Personal Trading

Access Persons (as defined in the Code of Ethics) associated with Coldstream are required to pre-clear all reportable purchases and sales. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of Coldstream will not interfere with:

- (i) Making decisions in the best interest of advisory clients and
- (ii) Implementing such decisions while, at the same time,
- (iii) Allowing employees to invest for their own accounts.

To supervise compliance with the firm’s Code of Ethics, Coldstream requires that associated persons with the firm provide annual securities holdings reports and quarterly transactions reports to the firm’s Chief Compliance Officer. All supervised persons at Coldstream must acknowledge the terms of the Code of Ethics annually, or as amended, and are required to follow the Code of Ethics.

Under the Code of Ethics, officers, directors, and employees of Coldstream and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Coldstream clients. The Code requires pre-clearance of all reportable securities transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Coldstream and its clients.

Coldstream does not normally aggregate trades, and portfolio managers typically trade on an account-by-account basis after affirming capital gains and other tax consequences, restrictions, and other factors. Certain affiliated account strategies may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro-rata basis. Any exceptions will be explained on the order. See Item 12 – Brokerage Practices.

Coldstream and its employees perform investment management services for many individual and institutional clients. Coldstream will not favor any one client over another in making advisory recommendations, subject to the suitability of those recommendations to a particular client and the specified investment objectives of the client. Coldstream and its employees may take investment action at different times from investment action recommended on behalf of a client and such investment action may be similar to or different from investment action (as to the advice given or the timing or nature of the action taken) on behalf of a client. In addition, Coldstream employees may, from time to time for their own account, purchase, sell, hold, or own securities or other assets which may be recommended for purchase, sale, or ownership for one or more clients. When a decision to purchase or liquidate a security from all applicable

accounts is made, priority would always be given to the clients' orders before those of a related or associated person to the advisor.

### Political Contributions

It is Coldstream's policy to permit the firm, and its covered associates, to make political contributions to elected officials, candidates, and others, consistent with the compliance policy and regulatory requirements. Coldstream Capital Management, Inc. recognizes that it is never appropriate to make or solicit political contributions, or provide gifts or entertainment, for the purpose of improperly influencing the actions of public officials. Accordingly, our firm's policy is to restrict the amount of certain political contributions made to government officials and candidates of state and state political subdivisions who can influence or have the authority for hiring an investment advisor.

### Participation or Interest in Client Transactions

The Ascent Funds' manager is Ascent Capital, LLC, a Washington limited liability company ("the Company"). The manager was created by Coldstream to manage the Company. The manager of the Company is a wholly owned subsidiary of Coldstream. Coldstream Capital Management, Inc. may recommend investment in these funds to qualifying clients. This practice creates a conflict of interest because we have an incentive to recommend or sell securities to clients based on our own financial interests, rather than solely the interests of a client. Qualified investors should refer to the offering documents and subscription agreements for each fund offered for information on the strategy and the capacity in which we are acting, before completion of the subscription documents. Assets invested in an Ascent Fund are excluded from the basic investment advisory fee calculations as stated in Item 5 – Fees and Compensation but will be assessed the fund fees and expenses as explained in the fund offering documents.

From time to time, with prior client approval (unless prohibited by a client's contract or applicable law), Coldstream may cross trade securities between its non-ERISA advisory clients, via a 3<sup>rd</sup>-party independent brokerage firm. This shall be done only when deemed appropriate for the parties involved and is made purely from an investment perspective. Coldstream in no way benefits from these transactions. Such cross-trades will generally take place through an independent broker-dealer and will be effected at the current independent market price of the securities involved in the trades. Confirmations of the details of each transaction are delivered to clients involved upon completion of each transaction. Identities of the parties involved will remain confidential at all times and will not be disclosed to either party. Coldstream has not established procedures to effect cross trades in retirement plan accounts subject to ERISA and will not perform such "prohibited transaction" trades, in accordance with applicable ERISA regulations.

Coldstream has a related broker-dealer entity, Coldstream Securities, Inc. ("CSI") to whom it will occasionally direct private placement activity as an investment for Coldstream Capital Management, Inc. clients. CSI receives commission income for referring Coldstream clients for investment in private funds. This presents a potential conflict of interest in making a recommendation for these investments. We strive to act in your best interest at all times, and our initial factor in selecting a private fund for client investment is identification of such that we believe to be suitable and appropriate for our clients. If, through our investment due diligence process, we become aware that the General Partner of the private fund will

provide a finder's or referral fee (commission income), then we will engage the fund in discussions to facilitate the payment through our broker-dealer entity, Coldstream Securities, Inc. Commissions paid are received by CSI directly from the fund General Partner, and clients will pay a fund management fee to the General Partner whether or not a commission is paid to CSI. Clients do not additionally pay Coldstream a consulting fee on these private fund assets, thus avoiding a fee layering situation. All Coldstream clients participating in a private placement investment via Coldstream Securities, Inc. must sign a Solicitation Acknowledgement confirming their knowledge of the arrangement, the parties involved, and the fee terms.

Coldstream Securities, Inc. also will engage from time-to-time in direct investments with mutual fund companies, variable annuity companies, and state 529 plans; Coldstream Securities, Inc. will receive a commission for these investments. This is not a frequent practice, and most often investment advisory-related products are recommended for these types of investments. This presents a potential conflict of interest in making a recommendation for these investments. We strive to act in your best interest at all times, and our initial factor in selecting a fund for client investment is identification of such that we believe to be suitable and appropriate for our clients. Clients do not additionally pay Coldstream Wealth Management a consulting or management fee on these directly held security assets, thus avoiding a fee layering situation.

Coldstream clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Chief Compliance Officer at 425-283-1600 or via mail at One 100<sup>th</sup> Ave NE Ste 102 Bellevue, WA 98004.

## **Item 12 – Brokerage Practices**

Our clients' assets are held by independent third-party custodians. Charles Schwab & Co., Inc. and Fidelity Investments are primary custodians for Coldstream client accounts and Coldstream places all equity trades through the custodian for execution. Coldstream believes these custodians provide our clients with a blend of execution services, commission costs, and professional services that will assist Coldstream in achieving best execution for transactions. Coldstream performs reviews to determine if commission amounts are reasonable in relation to the value of the brokerage and research services provided to Coldstream, viewed in terms of the particular transactions or the firm's overall responsibilities of fiduciary duty with respect to its clients. We can use other brokers to execute trades for your account.

### **Brokerage Execution**

Unless otherwise designated in the client agreement, Coldstream shall determine the brokers used and the commissions paid in connection with securities transactions for a client's account. In placing such securities transactions, Coldstream will use its best efforts to obtain prompt execution of transactions at favorable prices and at commissions that are reasonable in relation to the benefits received. All brokerage commissions will be borne by the client and are not included as part of the advisory fees paid to Coldstream.

Coldstream has an obligation to obtain best execution of transactions for client accounts. The Advisor seeks to obtain best execution through a qualitative process, rather than a trade-by-trade basis, and not necessarily the best commission rate. In reviewing broker-dealers for "best execution" for clients, we consider:

- The value of research provided;
- The commission rate;
- Past experience with the broker or mutual familiarity;
- The broker's integrity and reputation;
- The frequency of failed trades;
- Ability to work with the Coldstream Operations Department to resolve problems; and
- Execution capabilities and responsiveness when placing transactions for a client.

### Custody and Brokers We Use

Coldstream does not maintain custody of your assets that we manage (although we may be deemed to have custody of your assets in certain circumstances, such as if you have given us authority to withdraw assets from your account for management fee payments). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We are independently owned and operated and not affiliated with our clients' asset custodians.

When clients hire us to provide advisory services, we may take custody of their investment assets. This means that we may have the ability to direct transactions in a client account at a qualified custodian and that we may have the ability to obtain possession of these assets for the purpose of providing investment advice. For example, clients may give us the authority to transfer cash from one account to another for investment in a different fund or with a different manager. The client also may give us the authority to transfer cash or securities out of an account to either their own account or a third-party, at their direction.

To comply with the requirements of the SEC's custody rule, we have arranged for advisory clients to receive, at least quarterly, account statements from their custodian. We urge advisory clients to carefully review those statements and compare the official custodial records to the portfolio statements and reporting provided by us. Our statements and reporting may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Because the custodian does not calculate the amount of the advisory fees to be deducted from each account, it is important for you to carefully review your custodial statements to verify the accuracy of the calculation, among other things.

We urge you to carefully compare the information provided on these statements and reports to ensure that all account transactions, holdings, and values are correct and current. You should contact us directly if you believe that there may be an error on your statements or reports provided by us.

On an annual basis, as required, we engage the services of an independent auditor that is certified and subject to oversight by the Public Company Accounting Oversight Board to perform an annual surprise audit of any accounts where we have been deemed to have custody.

As noted above, Charles Schwab & Co., Inc. and Fidelity Investments are primary custodians for Coldstream client accounts and Coldstream places all equity trades through the custodian for execution. Coldstream believes they provide our clients with a blend of execution services, commission costs, and professional services that will assist Coldstream in achieving best execution for transactions. Coldstream

performs reviews to determine if commission amounts are reasonable in relation to the value of the brokerage and research services provided to Coldstream, viewed in terms of the particular transactions or the firm's overall responsibilities of fiduciary duty with respect to our clients. We can use other brokers to execute trades for your account.

Our primary custodians generally do not charge advisor clients separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through them or that settle into the custodian accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions).

Our primary custodians provide us with access to their institutional trading and custody services, which includes:

- Brokerage,
- Custody,
- Research, and
- Access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Charles Schwab & Co., Inc. and Fidelity Investments also make available to us other products and services that benefit us but may not benefit you directly. Some of these products and services assist us in managing and administering our client accounts, such as software and other technology that:

- Provide access to account data such as:
  - Duplicate trade confirmations,
  - Bundled duplicate account statements, and
  - Access to an electronic communication network for client order entry and account information;
- Facilitate trade execution, including:
  - Access to a trading desk serving registered investment advisors exclusively and access to bunched trading which provides us with the ability to combine securities transactions and then distribute the appropriate number of shares to each individual account;
- Provide research, pricing information, and other market data;
- Facilitate payment of our fees from client accounts;
- Assist with back-office functions, record keeping, and client reporting; and
- Provide compliance publications.

They also make available to us other services intended to help us manage and further develop our business. Examples of the services we have received in the past are listed below, and can include others not listed:

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- Technology, compliance, legal, marketing, and business consulting,
- Publications and conferences on practice management and business succession,
- Educational conferences and events, and
- Access to employee benefits providers, human capital consultants, and insurance providers.

They may also make available or arrange for these types of services to be provided to us by independent third parties. They may, for example:

- Discount or waive the fees they would otherwise charge for some of the services they make available to us.
- Pay all or a part of the fees of a third-party providing these services to us. Thus, we receive economic benefits as a result of our relationship with them, because we do not have to produce or purchase the products and services listed above.
- They may also provide us with other benefits such as occasional business entertainment of our personnel.

Many of the services described above may be used to benefit all or a substantial number of our accounts, including accounts not maintained at our primary custodians. We do not attempt to allocate these benefits to specific clients. Because the amount of our compensation or the products or services we receive varies depending on the level of assets at a custodian/broker-dealer we recommend be used by our clients, there exists a potential conflict of interest in making that recommendation. Our recommendation of specific custodian/broker-dealers can be based in part on the economic benefit to us and not solely on the nature, cost, or quality of custody and brokerage services provided to you and our other clients. We nonetheless strive to act in your best interests at all times.

We may also have an incentive to select or recommend a broker-dealer custodian based on our interest in receiving client referrals from that custodian; rather than on our clients' interest in receiving the most favorable execution. Coldstream believes the custodians we use provide our clients with a blend of execution services, commission costs, and professional services that will assist Coldstream in achieving best execution for transactions. Coldstream performs reviews to determine if commission amounts are reasonable in relation to the value of the brokerage and research services provided to Coldstream, viewed in terms of the particular transactions or the firm's overall responsibilities of fiduciary duty with respect to its clients. We can use other brokers to execute trades for your account. We do not base our custodian selection on participation in their referral programs and will continue to evaluate our custodians in light of what is in our clients' best interests in regard to trade execution, service levels provided to Coldstream, error correction polices, fees, and other factors.

Commissions and other fees for transactions executed through our primary custodians may be higher than commissions and other fees available if you use another custodian/broker-dealer firm to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by our primary custodians outweighs the benefit of possibly lower transactions cost which may be available under other brokerage arrangements.

Coldstream has a related broker-dealer entity, Coldstream Securities, Inc. (“CSI”) to whom it will occasionally direct private placement activity as an investment for Coldstream Capital Management, Inc. clients. CSI receives commission income for referring Coldstream clients for investment in a private fund. This presents a potential conflict of interest in making a recommendation for these investments. CSI does not custody any client private fund assets invested in through its brokerage.

Coldstream also will from time to time engage in direct investments with mutual fund companies, variable annuity companies, and state 529 plans; Coldstream Securities, Inc. will receive a commission for these investments. This is not a frequent practice, and most often investment advisory-related products are recommended for these types of investments. This presents a potential conflict of interest in making a recommendation for these investments. CSI does not custody any client assets invested in through its brokerage. Clients do not additionally pay Coldstream a consulting or management fee on these directly held security assets, thus avoiding a fee layering situation.

The only restrictions on the above discretionary authority are those set by the client on a case-by-case basis. Clients who direct Coldstream to place all brokerage transactions through a specific brokerage may not be able to negotiate commissions or obtain volume discounts, which may severely limit its ability to seek best execution on client trades.

### **Trade Aggregation and Allocation**

Coldstream does not normally aggregate trades. However, when trading certain securities (e.g., IPOs), it may be beneficial to aggregate trade orders. When implementing allocation of publicly traded equities for Coldstream executed strategies, the firm shall utilize a pro-rata allocation procedure. Generally, if trades (equity or fixed income) are aggregated, it is at the Wealth Management Team level for the particular team’s clients only, not at the firm level. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro-rata basis. Any exceptions will be explained on the order.

Regarding fixed income trading, trades will be placed on an individual basis as deemed appropriate for the individual client’s unique portfolio circumstances. Each Wealth Management Team’s Portfolio Manager will tailor fixed income investments to their own clients’ needs. This may potentially cause trading inefficiency, but typically individual fixed income trades are tailored to each individual client’s unique portfolio and tax circumstances, state of residence, and liquidity/maturity needs, which makes trade aggregation uncommon across client Wealth Management Teams’ clients.

### **Initial Public Offerings (“IPOs”) and Illiquid Securities**

With respect to securities bought and sold, Coldstream may from time to time, to the extent permitted by the rules of the U.S. Financial Industry Regulatory Authority (“FINRA”) (the “Rules”) purchase equity securities that are part of an initial public offering (sometimes referred to as “new issues”). Under the Rules, brokers may not sell such securities to a private investment fund, if the fund has investors who are “restricted persons,” which category includes (i) persons employed by or affiliated with a broker and (ii) portfolio managers of private investment funds and other registered and unregistered investment advisory firms, unless the fund has a mechanism in place that excludes such Restricted Persons from receiving allocations

of profits from new issues. Coldstream generally allocates profits and losses with respect to new issues to investors that are unrestricted persons.

Coldstream will also from time to time make investments which are illiquid. The investments may be characterized as illiquid as a result of the structure of the security, restrictions, the significant size of an interest held, or the possession of characteristics similar to those of side pockets, for example.

- Accounts may be required to hold illiquid investments for a minimum specified period of time.
- In addition, investment strategies may require the holding of investments for a significant period of time in order to realize a return of or on invested capital.
- The selling of such investments prematurely may result in significant losses.
- Restrictions on redemptions may also affect Coldstream's ability to distribute redemption proceeds in a timely manner.
- Pricing and valuations are dependent on the frequency of receipt from the fund or investment manager. Coldstream's practice is to rely on the valuations received from private placement and other illiquid investment fund managers. Historically we have not had to internally value assets but would rely, if necessary, on our internal special valuation procedures to determine fair values. Update intervals are generally monthly or quarterly but may be less frequent due to factors such as liquidity and availability of current market values of the underlying investments.

### Soft Dollar Practices

Section 28(e) of the Securities Exchange Act of 1934 allows an advisor to cause an account to pay higher commissions if the advisor determines in good faith that the amount of commission is reasonable in relation to the value of brokerage and research services provided by such broker-dealer. As of January 1, 2008, Coldstream no longer participates in formal soft dollar arrangements nor conducts any soft dollar transactions that would fall under the description above. See above disclosures under Item 12 – Brokerage Practices of the benefits and services we receive as a result of our relationships with the custodians we have chosen to custody our client assets. As always, we evaluate our brokerage selections based on a variety of factors that, in total, provide what we believe to be in the best interest of our clients.

### Trade Errors

Coldstream conducts training and has implemented technological tools and procedures to minimize trading errors, but from time-to-time Coldstream may make an error in submitting a trade order on your behalf. When this occurs, we place a correcting trade with the broker-dealer which has custody of your account. It is Coldstream's policy to restore the account to the position it should have been in had the trading error not occurred. Losses will not be borne by our clients.

If an investment gain results from the correcting trade, the gain may remain in your account, if you were the intended recipient of the original trade. Investment gains that do not remain in client accounts will be directed to a firm-selected charitable organization. Coldstream maintains firm error accounts with its custodians where possible; in those cases, both gains and losses are moved into the firm error accounts. If

the firm makes an error that results in a loss, we will pay for the loss; gains from errors may be netted against losses within the firm error accounts.

Coldstream may also correct trade errors by reallocating a purchased security to another client(s) account in situations in which Coldstream determines such allocation will be in the other clients' best interest. Such reallocations may prevent Coldstream from incurring trade error losses. Losses will not be allocated or reallocated to clients.

### **Item 13 – Review of Accounts**

Client portfolios managed by Coldstream are assigned to a client Wealth Management Team who has the primary responsibility for the account. Accounts are under continuous review as far as implementing any changes in investment strategy or policy, or in the fundamentals of a security owned in a managed account. Accounts are first reviewed after initial account setup. Additional account reviews are conducted periodically for portfolio cash flows, security weightings, investment actions, and restrictions to insure adherence to client-stated guidelines or limitations.

Periodic portfolio investment review sampling will be conducted by the Chief Investment Officer, Howard Coleman, who also may include one or more investment/research analysts and members of compliance in the review. Periodic client portfolio sampling reviews include evaluating the alignment of each selected client's investments with their stated objectives, risk tolerances, and restrictions, as well as alignment with firm investment strategies. Exceptions will be reviewed with each client Wealth Management Team for correction and/or realignment if warranted.

Coldstream clients are provided with an electronically produced periodic report summarizing account assets and performance. The report can also include displays of asset allocation and weighting, portfolio value comparison and asset allocation over time, and change in value of account and portfolio as a whole. The reports are delivered periodically and presented to the client and are available upon client request via a secure, password-protected client portal.

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

Coldstream has solicitor's agreements with individuals or other entities not associated with us for successful referrals of new clients. Coldstream pays a percentage of the management fee and/or performance-based fee collected from the client to the referring party. Because these non-associated individuals or entities receive payment for successful referrals, a conflict of interest exists between prospective clients and the referrer. Clients under these agreements will not be charged fees higher than the standard fees described in Item 5 – Fees and Compensation. The compensation arrangement between Coldstream and the referrer is disclosed to prospective clients before they enter into investment advisory relationships with us. Coldstream currently has solicitor agreements with:

- Cascadia Capital, LLC (a reciprocal agreement), investment bank and registered broker-dealer
- AdvisorSource, an investment advisor
- HL Wealth Management, LLC, an investment advisor

# COLDSTREAM

## WEALTH MANAGEMENT

Under an agreement with Fidelity, Coldstream receives compensation for certain No-Transaction Fee mutual funds held in client accounts, in exchange for providing back-office, administrative, custodial support and clerical services. This agreement was executed by Rainier Group Investment Advisory in June 2016, prior to its merger with Coldstream Holdings, Inc., related to its participation in the Fidelity Institutional Wealth Services ("FIWS") platform.

As a result of past participation in TD Ameritrade's AdvisorDirect program (the "referral program"), terminated as of May 21, 2021, Coldstream received client referrals from TD Ameritrade. Coldstream is no longer participating in the referral program for purposes of receiving client referrals, but it is obligated to pay TD Ameritrade an on-going fee for each successful client relationship established as a result of past referrals. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Coldstream ("Solicitation Fee").

Coldstream entered into an agreement with Charles Schwab & Co., Inc., an independent and unaffiliated broker-dealer ("Schwab") to participate in Schwab AdvisorNetwork (the "Service"), an advisor referral service designed to help investors find an independent professional Investment Manager in their area. Coldstream terminated participation in this program as of January 1, 2007; however, Coldstream continues to pay Schwab fees for client referrals historically received through the Service.

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

Coldstream will not charge clients referred by any of the above parties any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to its clients. All clients referred from a party listed above must sign a solicitation acknowledgment form, confirming their knowledge of the arrangement, the parties involved, and the fee terms.

Coldstream Holdings, Inc. has a wholly owned subsidiary, Fit Insurance, Inc., an independent, multi-carrier insurance agency specializing in providing property, casualty, life insurance, and employee benefits for individuals, families, and commercial businesses. Coldstream Capital Management, Inc. may make referrals to Fit Insurance, Inc. and vice versa if deemed appropriate for clients. Revenue will be shared between the entities should successful referrals occur.

The Ascent Funds' Manager is Ascent Capital, LLC, a Washington limited liability company ("the Company"). The Manager was created by Coldstream to manage the Company. The Manager of the Company is a wholly owned subsidiary of Coldstream. Coldstream Capital Management, Inc. may recommend investment in these funds to qualifying clients. Coldstream Capital Management, Inc. may make referrals to Ascent Capital, LLC and vice versa if deemed appropriate for clients. Revenue will be shared between the entities should successful referrals occur. This practice creates a conflict of interest because we have an incentive to recommend or sell securities to clients based on our own financial interests, rather than solely the interests of a client. Assets invested in an Ascent Fund are excluded from

the basic investment advisory fee calculations as stated in Item 5 – Fees and Compensation but will be assessed the fund fees and expenses as explained in the fund offering documents.

### **Item 15 – Custody**

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct your custodian to deduct advisory fees directly from your account. The custodians maintain actual custody of your assets. You will receive account statements directly from your custodians (e.g., Schwab and Fidelity) at least quarterly. Coldstream urges you to carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Accounts in which Coldstream is appointed as Trustee, Power of Attorney, Executor, or where a Standing Letter of Authorization is established are situations for which we have custody. Per the written agreements, these accounts allow Coldstream to move and transfer funds or securities and change account information on behalf of clients. We aim to limit these types of accounts and each appointment is reviewed on a case-by-case basis; our current policy is that fiduciary appointments to act as a clients' trustee, power of attorney, or executor, are not allowed. Pre-existing appointments have been grandfathered. Approved appointments are documented in our client records. Coldstream complies with the requirements of the custody rules by obtaining an annual surprise examination by a qualified accounting firm of those accounts for whom we are deemed to have custody. As of January 1, 2023, employees are not allowed to be appointed to serve in a fiduciary capacity such as Trustee, Power of Attorney, or Executor for a client and their assets. Prior appointments have been grandfathered and are subject to the Custody annual surprise audit requirements.

Coldstream wholly owns the Ascent Fund, a pooled investment vehicle. Advisors to pooled investment vehicles (e.g., hedge funds, etc.) have custody of client assets because their capacity as general partner of a limited partnership, managing member of a limited liability company, or trustee of a trust gives them legal ownership of, or access to, client funds or securities.

Coldstream complies with the requirements of the custody rules by obtaining an annual surprise audit of the non-pooled asset authorizations and delivering the independently audited financial statements to investors within 120 days of the pooled investment vehicles fiscal year-end.

### **Item 16 – Investment Discretion**

Coldstream usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold, upon execution of a Coldstream Investment Advisory Agreement (“IAA”) and in your custodial paperwork. The IAA generally gives us the discretion to invest funds in one or more accounts, including accounts managed by sub-advisors chosen by us. Discretion means that, without having to obtain prior approval, we may execute investment transactions in a portfolio in order to implement the investment policy we have developed with you. Investment transactions include executing specific purchase, sale, or other securities transactions and establishing

specific investment accounts. Additionally, you grant us authority to hire and fire selected asset investment manager(s) in sub-advised portfolios.

You give us this authority when you sign the IAA and may limit this authority by giving us written instructions. With a non-discretionary account, your investment advisor can offer you professional advice in connection with the transactions to execute and may make some investment recommendations. However, your investment professional is not authorized to buy or sell securities for your account without your prior approval. You may change/amend these limitations by once again providing us with written instructions. Investment discretion does not include the ability to obtain possession of the securities in a portfolio other than to process transactions in those securities, including the movement of securities or cash from one portfolio account to another registered in your name.

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client investment portfolio. At all times, you retain the authority to provide us with direction regarding investments, including limitations regarding types of securities and the timing of transactions. You must provide investment guidelines and restrictions to us in writing.

As a courtesy, Coldstream may include non-managed assets in reports and holistic portfolio decision-making. These non-managed assets will be identified as "Non-Managed" on the Coldstream quarterly statements. The non-managed assets identified as "Non-Managed" are not supervised on a regular and/or ongoing basis. The client acknowledges their ongoing responsibility to supervise these assets as Coldstream does not manage or supervise them in any way.

When selecting securities and determining amounts, Coldstream observes the investment policies, limitations, and restrictions of the clients for which it advises. For registered investment companies and ERISA clients, our authority to trade securities also may be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Coldstream may or may not have discretionary authority over its ERISA plan accounts, depending on the type of retirement plan and how it is arranged. This is clearly set forth in each retirement plan agreement. Investment restrictions must be provided to Coldstream in writing.

### **Item 17 – Voting Client Securities**

Unless you designate otherwise, we will vote proxies for securities held by our clients for which we serve as investment advisor or ERISA plan advisor. The authority to vote your proxies is given when you (i) sign the Coldstream IAA and (ii) sign the custodian account paperwork.

Investment advisory clients transitioned to Coldstream Wealth Management, and formerly served by Seidman Capital Group, should refer to the tri-party Investment Advisory Agreement between Client, Coldstream Wealth Management, and Orion Portfolio Solutions, LLC dba Brinker Capital Investments ("Brinker"), which states which Brinker investment programs allow for proxy voting by the sub-advisor or are assumed to be the responsibility of the client. For clients formerly served by Seidman Capital Group who have transitioned to accounts serviced by Orion Portfolio Solutions, please see the Orion Portfolio Solutions Applications and Addenda for further information regarding proxy voting on your specific account(s).

In order to eliminate any potential conflicts of interest with reference to voting proxies, we have engaged Broadridge Financial Solutions (“Broadridge”), an independent third-party vendor, and its ProxyEdge voting service to process proxy votes for the firm's clients. In most cases, Coldstream has adopted the guidelines of and will generally vote in accordance with the recommendations of Broadridge. Broadridge utilizes the research and recommendation services of another third-party provider, Glass-Lewis & Co. Services provided by Broadridge include:

1. Research and make voting determinations in accordance with approved proxy voting guidelines;
2. Vote and submit proxies in a timely manner;
3. Handle other administrative functions of proxy voting;
4. Maintain records of proxy statements received in connection with proxy votes and provide copies of such proxy statements promptly upon request;
5. Maintain records of votes cast; and
6. Provide recommendations with respect to proxy voting matters in general.

As a general matter, Coldstream reserves the right to override the applicable recommendations or guidelines in any situation where it believes that following such recommendations or guidelines is not in its clients' best interests.

We do not adopt the voting recommendations of Broadridge for proxies received for ERISA and other Defined Contribution plans for which Coldstream serves as advisor. Rather, ERISA and other Defined Contribution plan proxies are voted directly by Coldstream in accordance with the best interest of plan participants.

A complete copy of our Proxy Voting Policy can be obtained by sending a request to:

Coldstream  
Attn: Compliance  
One 100<sup>th</sup> Ave NE Ste 102  
Bellevue, WA 98004

## **Item 18 – Financial Information**

Coldstream is required in this Item to provide you with certain financial information or disclosures about its financial condition. Coldstream has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.