



**FERGUSON WELLMAN**  
CAPITAL MANAGEMENT



**WEST BEARING INVESTMENTS**  
a division of Ferguson Wellman

## **Ferguson Wellman Capital Management**

### **West Bearing Investments, a division of Ferguson Wellman**

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January 1, 2018

**This brochure provides information about the qualifications and business practices of Ferguson Wellman Capital Management and West Bearing Investments, a division of Ferguson Wellman. If you have any questions about the contents of this brochure, please contact us at (503) 226-1444 or [heidi.goertzen@fergwell.com](mailto:heidi.goertzen@fergwell.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.**

**Additional information about Ferguson Wellman Capital Management and West Bearing Investments, a division of Ferguson Wellman, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**All sections of the brochure relate to Ferguson Wellman and West Bearing entities unless otherwise noted.**

We are a registered investment advisor with the Securities and Exchange Commission. Our registration as an investment advisor does not imply a certain level of skill or training. The oral and written communication we provide to you is information you may use to evaluate us and our services.

**Item 2: Material Changes**  
**Since the last annual update of our brochure**

There have been no material changes since the last annual update dated January 1, 2017.

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## Item 4: Advisory Business

### Description of Advisory Services

Ferguson Wellman is an employee-owned, registered investment advisor that was established in 1975. We provide personalized wealth management services to individuals and families; and investment management services to institutions such as endowments, foundations and retirement plans. We specialize in building and managing customized, separately managed portfolios in excess of \$3 million.

West Bearing Investments, a division of Ferguson Wellman, was established in 2013. This division provides personalized wealth management services to individuals and families' and investment management services to institutions such as endowments foundations and retirement plans. We specialize in building and managing customized, separately managed portfolios in excess of \$750,000.

Services provided:

- Investment account management services
- Wealth management services
  - Financial forecasting
  - Budget management
  - Estate planning
  - Tax guidance
  - Charitable giving planning services

### Principal Owners

James H. Rudd, Chief Executive Officer

Steven J. Holwerda, CFA, Chief Operating Officer

George W. Hosfield, CFA, Chief Investment Officer

Dean M. Dordevic, Principal

Marc F. Fovinci, CFA, Principal

### Assets Under Management

As of December 31, 2017, discretionary assets under management (AUM) for Ferguson Wellman is \$5,152,000,000. Ferguson Wellman generally does not manage accounts on a non-discretionary basis but may make exceptions for existing client relationships.

As of December 31, 2017, discretionary AUM for West Bearing Investments is \$213,000,000. West Bearing Investments does not manage accounts on a non-discretionary basis but may make exceptions for existing client relationships.

### Discretionary Management

Authority is granted to Ferguson Wellman through our advisory contracts for discretionary account management, authorizing us to make determinations regarding securities and security quantities to be bought and sold for our clients. We work closely with our clients on an ongoing basis to tailor our advisory services to each client's specific needs. Our discretion over the portfolio is subject to guidelines specified by the client. A client's guidelines may limit the scope of prospective investments as a result of restrictions placed on certain securities. While we believe in investing in the full spectrum of marketable securities, we understand our clients' requirements or desires to restrict investments in certain securities or types of securities.

## Community Involvement

Many of our employees are active and contributing members in communities where we serve clients. Philanthropy is important to Ferguson Wellman and West Bearing and, in addition to donating our time, both the firm and its employees frequently donate money to various charities. Donations are made to organizations that may be current clients, an organization on which an employee serves on a board or committee or an organization or charity unaffiliated with the firm.

## Item 5: Fees and Compensation

Fees for portfolio management are agreed upon prior to executing a client contract and are calculated based on the percentage of assets under management. Fees are billed quarterly in advance for most our clients according to the fair market value of the portfolio, including cash equivalents and accrued interest as of the last business day of each calendar quarter. Fees are payable upon receipt of billing. Fees may be negotiated based on relevant criteria such as size and complexity of the portfolio as well as other considerations. Schwab Advisor Network clients are subject to the standard equity and balanced fee schedule, and may be subject to a minimum fee. Fees can be charged annually or semi-annually upon client request. Each party to the advisor agreement may rescind upon a 30-day written notice. A pro-rated refund of the fee will be made upon the closing of an account.

### Standard Fee Schedules

#### *Equity Only and Balanced:*

- 0.85% on the first \$ 5,000,000
- 0.70% on the next \$ 5,000,000
- 0.50% above \$10,000,000

#### *Fixed Income Only:*

- 0.45% on the first \$10,000,000
- 0.35% on the next \$10,000,000
- 0.25% above \$30,000,000

#### *West Bearing Investments:*

- 1.00% on the first \$2,000,000
- 0.85% above \$2,000,000

Client assets invested in a mutual fund(s), ETF(s) or other fund structures as part of the agreed upon overall investment strategy will be included in the calculation of Ferguson Wellman's fee, subjecting assets to external fund fees in addition to our management fee.

### Fee Payment Options

As indicated in our advisory agreement with you, you may select from two payment options to pay for our services:

- **Direct Debiting** - At the inception of the relationship and each quarter thereafter, we will notify your custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee calculation. They will "deduct" the fees from your account(s) you have designated to pay our advisory fees. You will also receive a copy of the billing statement each quarter.
  - Each month, you will receive a statement directly from your custodian showing all transactions, positions and credits/debits into or from your account; the statements

after the quarter end will reflect these transactions, including the advisory fee paid by you to us.

- **Pay-by-check** - At the inception of the account and each quarter thereafter, we will issue you an invoice for our services and you pay us by check upon receipt of the invoice.

### **Additional Fees and Expenses**

We do not custody client assets; therefore, clients will have to appoint a custodian and will likely be required to pay custodial fees. The advisory fees payable to us do not include all the fees you will pay for maintaining your account(s) with a custodian. The following list of fees or expenses are what you may pay directly to custodians or brokers, whether a security is being purchased, sold or held in your account(s) under our management. Fees charged by the broker and custodian include:

- Brokerage commissions
- Transaction fees
- Exchange fees
- Regulatory fees
- Advisory fees and administrative fees charged by mutual funds (MFs) and exchange traded funds (ETFs)
- Custodial fees
- Odd-lot differentials
- Wire-transfer and electronic fund processing fees

We do not have any employee(s) who receives, directly or indirectly, any compensation from the transaction of securities or investments that are purchased or sold for your account. As a result, we are a “fee-based” investment advisor.

For additional details regarding brokerage practices, please see Item 12: Brokerage Practices.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (performance-based fees). Our advisory fee compensation is charged only as disclosed above.

## **Item 7: Types of Clients**

We provide our services to a number of clients including:

- Individuals, including high-net-worth individuals
- Trusts, estates and charitable organizations
- Corporations or other business entities
- Taft-Hartley plans
- Foundations
- Endowments

The minimum investment amount for Ferguson Wellman is \$ 3,000,000 and for West Bearing is \$750,000. The stated minimums are to open an account; there is no minimum to maintain an account.

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

### Investment Policy Committee

Ferguson Wellman's investment policy committee (IPC) consists of George W. Hosfield, CFA, principal and chief investment officer; Marc F. Fovinci, CFA, principal and fixed income lead; and Ralph W. Cole, CFA, executive vice president of research. Our IPC employs: valuation, macro-economic indicators, trends/momentum, and analyst input to formulate our asset allocation targets and sector weightings. The IPC meets regularly in addition to quarterly meetings with the entire investment team to review all the firm's investment products and strategies.

### Investment Strategies

We utilize individual securities to build diversified portfolios for our clients. As such, we are active managers of multiple asset classes, including large-cap domestic equities, international equities (developed and emerging markets) and several fixed income strategies. Depending on the risk and reward circumstances of each client, their portfolio may be constructed with several investment strategies. If appropriate for a client, we also utilize outsourced strategies such as: small-cap equity, real estate, private equity or hedge fund strategies.

Our proprietary investment strategies are at the core of our offerings for individual and institutional clients. Throughout the years we have proactively developed and optimized our investment disciplines to reflect changes in the global economy and capital markets. Ferguson Wellman uses these investment strategies to create customized portfolios to satisfy the long-term goals and income needs of our clients. By employing these strategies, we are able to structure customized, tax-efficient portfolios to meet unique risk tolerances and return objectives of our clients. Descriptions of our strategies follow.

### Large-Cap Core Equity

Our *Large-Cap Core Equity* strategy is managed through a model portfolio constructed by our equity team, which consists of our investment policy committee, portfolio managers and analysts. The entire equity team meets formally throughout the week at prescribed times and on an as-needed basis. To the extent that individual client account circumstances permit, the equity portions of all firm accounts are managed in accordance with the appropriate model portfolio.

Portfolios within this strategy are highly diversified through ownership of 50-to-75 individual securities that are distributed across all sectors of the S&P 500 index. Portfolio construction begins from the top-down as the investment policy committee assesses the macroeconomic environment, identify themes and establish sector target allocations that are within +/- 4 percent of the respective S&P sector weighting. On a bottom-up basis, when selecting individual securities, we employ a 16-factor, quantitative model that screens all U.S. stocks with market capitalizations above \$1.5 billion. Each company is then ranked in quintiles within its respective industry group based on customized, back-tested weights assigned to key variables (back testing is a process of testing our strategies on prior time periods). Only after thorough fundamental analysis of those companies that receive a sufficiently high multifactor ranking (the top two quintiles) does each sector manager/analyst select the companies that comprise the sector for which they are responsible.

### Large-Cap Dividend Value

This is a dividend growth-oriented equity strategy that requires all stocks held in the portfolio to be dividend payers with a minimum \$1.0 billion market capitalization. The strategy consists of dividend yielding common equities, real estate investment trusts, and possibly preferred stocks and convertible preferred stocks. Like our *Large-Cap Core Equity* strategy, company research is conducted using bottom-up and top-down approaches, but the quantitative model used for initial screening is based on a factor

model with a separate set of variables. The factor model variables include dividend coverage ratio and dividend-growth history, return on equity, forward price/earnings, trailing price/earnings, enterprise value/earnings before interest tax depreciation and amortization and cash flow growth.

### Large-Cap Tax-Efficient Equity

We offer a tax-efficient option for our *Large-Cap* equity strategies (*Core Equity* and *Dividend Value*). The objective is to deliver long-term capital appreciation without creating excessive capital gains. Specifically, sector weightings and portfolio themes are intended to be generally aligned with each of the aforementioned strategies while seeking to limit annual realized capital gains to 1 percent of the portfolio's equity market value.

Given this is a subset of our flagship large-cap equity strategies, the entire equity team of portfolio managers and analysts shepherds the process. Portfolio construction begins from the top-down as the investment policy committee assesses the macroeconomic environment and establishes sector targets. On a bottom-up basis, individual securities are selected by the same discipline employed in our *Large-Cap Core Equity* and *Large-Cap Dividend Value Equity* strategies.

Portfolios are highly diversified through ownership of 40-to-65 individual securities distributed across all sectors of the S&P 500 index. Before each trade is considered for implementation, each client portfolio is analyzed for its structure and capital gains realized year-to-date. The annual budget of 1 percent of the portfolio's equity market value in capital gains tax is based on the assumption of the highest federal and state capital gains tax brackets. Each client portfolio is reviewed on an ongoing basis for opportunities to harvest tax losses to offset capital gains. Short-term gains are avoided due to the unfavorable capital gains tax treatment unless the amount of the gain is de minimis.

Due to the tax-efficient nature of this strategy, over time the number of positions may decline as highly-appreciated securities become larger concentrations, thus creating the potential for greater short-term volatility than would be experienced in our large-cap equity strategies that are not tax-advantaged.

### International Equity

Our *International Equity* strategy invests in equities in both developed and emerging markets and follows an equally rigorous screening process of securities as that of the domestic asset class. To minimize accounting risk and reduce custodial fees, we use American Depositary Receipts (ADRs). Our process uses a six-factor quantitative model to screen foreign companies trading ADRs with sufficient liquidity in U.S. markets and with a minimum market capitalization of \$1.0 billion. The quintile ranking model emphasizes earnings estimate revisions, valuation, and technical trends to screen names that, like our domestic core model, are then analyzed fundamentally to produce buy-sell-hold decisions. Because of the increasing importance we place on emerging market analysis, we now split our quantitative modeling into emerging market and developed market screens. We augment our strategy by using an outside manager(s) for developed market, small-capitalization equities and for additional emerging market exposure.

### Fixed Income

Our *Fixed Income* strategies utilize government bonds, agency bonds, mortgage-backed securities, municipal bonds and corporate obligations. Portfolio construction varies as we construct portfolios tailored to individual client needs. Long-term bonds are used for long-term stability and higher income while shorter-term bonds generate income and provide for near-term cash needs. These strategies provide returns from interest and gains generated through appropriate security selection and portfolio structure.

The fixed income team also meets formally to discuss economic analysis, yield curve forecasts, duration shifts and sector weightings. Our fixed income managers work together to perform a disciplined examination of macroeconomic policy, economic statistics and trends, investor cash levels and market psychology that results in an interest rate forecast that guides the structure of our fixed income portfolios. We seek to maximize total return through active duration management, sector selection and security selection. Portfolios are well diversified by both sector and issuer, with particular emphasis placed on generating the highest level of current income consistent with preservation of principal.

### Alternatives

*Alternative Investments* (also known as tactical investments) are less correlated to traditional stocks and bonds and are used to further diversify client portfolios. *Alternatives* can include absolute return or hedge funds, liquid alternatives, private equity, private real estate and other nontraditional assets. Our team performs research and due diligence on fund managers to select suitable investments. Each investment idea is vetted by our alternative investments team, chief compliance officer and investment policy committee. Due to the nature of the investment, client risk tolerance, liquidity and suitability are also reviewed prior to purchase. In addition to employing funds managed by outside managers we also can use exchange traded funds, for instance, for commodities.

### Risk

The strategies listed above may not fit all client situations. The appropriateness of an investment or strategy will depend on an investor's circumstances, objectives, financial status and risk-and-return preferences. Although we strive to preserve principal assets and grow client wealth, investing in securities involves risk of loss that each client should be prepared to accept.

## Item 9: Disciplinary Information

Registered investment advisors are required to disclose any disciplinary event that would be material to you when evaluating a client/advisor relationship. We do not have any legal, financial or other disciplinary information applicable to this item. This statement applies to our firm and every employee.

## Item 10: Other Financial Industry Activities and Affiliations

Our firm has no financial industry activities or affiliations to disclose.

## Item 11: Code of Ethics

We have adopted a code of ethics that governs potential conflicts of interest we have when providing our advisory services to you. Our code of ethics is designed to ensure we meet our fiduciary obligation to our clients. The code adopted by Ferguson Wellman and West Bearing sets forth the standards for the conduct and professionalism by which all personnel of the firm must adhere.

Our code of ethics is distributed to each employee at the time of hire and annually employees must acknowledge they have received and agree to act according to the document.

Our code of ethics includes the following:

- The requirement for all employees to comply with applicable federal securities laws
- The duty at all times to place the interests of clients first
- Requirements related to the confidentiality of our clients

- Prohibitions on insider trading if we are in possession of material, nonpublic information
- Reporting of gifts and business entertainment
- Pre-clearance of employee trading activity
- Reporting in an ongoing basis all personal securities transactions and
- On an annual basis, we require all employees to re-certify to our code

Our code does not prohibit personal trading by employees of our firm. As a result, we often follow our own advice and may purchase or sell the same securities at the same time that we place transactions for your account and the accounts of our other clients. In addition, Ferguson Wellman, West Bearing and its related persons may have interests or positions in securities that are recommended to clients. For information regarding the possibility of cross trades in account, please see Item 12: Brokerage Practices, under the subheading of Cross Transactions.

You may request a complete copy of our code by contacting us at the address, telephone or email on the cover page of this brochure.

## Item 12: Brokerage Practices

In choosing a broker-dealer, recommending brokers for client transactions and negotiating commission rates, our first consideration is whether the broker will provide the best execution for the desired transaction. We evaluate brokers and dealers on a number of criteria and attempt to minimize the total cost for all brokerage services paid by our clients, but the brokers we recommend may not always offer the lowest fees or commission rates available. Our goal in all trades for our clients is to execute the transaction that is most favorable for the client under the circumstances, commonly referred to as best execution. Best execution does not necessarily mean the lowest commission cost, rather, it means the best total cost in purchasing or selling a security taking into account several factors, such as the:

- Reputation, reliability, execution capability, experience and financial stability of the executing broker
- Price of the security
- Size of the transaction
- Nature of the market for the security
- Commission amount
- Timing of the transaction in light of market prices and trends
- The quality of service rendered by the broker in other transactions

### Research and Soft Dollar Benefits

Obtaining best execution is paramount in placing transactions for our clients. Additionally, we do enter into agreements with brokers to obtain research and other services in exchange for commissions when we believe such agreements are of material benefit to clients. These commissions are known as “soft dollars.” Ferguson Wellman receives a benefit in using soft dollars because this allows us to receive products and services without having to produce or pay for some research, products or services. The receipt of soft dollars leads to an incentive to use brokers that provide soft dollars; however, obtaining best execution for our clients comes first and foremost in our trading practices. We view soft dollars as a side benefit to getting the best execution for our clients, not a reason to trade through a particular broker. The research, products and services acquired through the use of soft dollar benefits are used for the benefit of all clients.

The services that we obtain with soft dollars include:

- Fundamental data on individual securities
- Access to historical charts and graphs on markets and economies
- Real-time quotes and historical price movements on securities
- Evaluation software to compare all research data received

Because we look to brokers for both trade executions and research, many factors are utilized when selecting brokers including:

- The quality of research services
- Services provided (market impact, execution venues)
- Commission rates
- Trade execution
- The ability to settle trades in a straightforward unproblematic manner
- The size and experience of the staff providing information;
- Accessibility
- Timeliness of recommendations
- Forecasting success
- The availability of current in-depth written reports and regular written follow-ups

We may also accept a brokerage commission that exceeds the commission another broker is willing to charge if, in our judgment, the services rendered in exchange for the greater commission will provide an overall economic benefit to our clients. If you have questions on our soft dollar practices and usage, please contact our chief compliance officer whose contact information is on the cover page of this brochure.

### **Wrap-Fee Programs**

Wrap-fee programs are arrangements between broker-dealers, investment advisors, banks and other financial institutions whereby firms will incorporate fees at a bundled rate. These fees may include broker fees, account fees, commissions and management fees, which are bundled into one flat fee. Ferguson Wellman periodically accepts these arrangements with national brokerage firms, fulfilling the role of investment advisor on the account. Total fee levels are set by the account representative of the originating brokerage firm. Fees charged by Ferguson Wellman for these accounts represent a portion of the total wrap fee charged and are generally lower than our standard fee to recognize the marketing, account set-up expenses and ongoing relationship of the originating firm. The wrap fees are set, but the advisory fee may be negotiated depending on the size of the account. There are possible negative effects of wrap-fee arrangements on Ferguson Wellman's ability to obtain best execution when trading because accounts cannot trade outside of a wrap fee sponsor's brokerage firm.

### **Directed Brokerage**

Brokers are selected to affect securities transactions on a basis of highest probable benefit to our clients. Factors we use in considering a broker/firm include research available, custodial service, negotiated commissions, execution capabilities, monitoring and evaluation services.

Our brokerage commission arrangements are reviewed on an annual basis. Ferguson Wellman agrees to execute client transactions through specific consultants/brokers when said broker introduces a new client to our firm, and the client chooses to custody their assets at the broker's firm. There are possible negative effects of client-directed brokerage arrangements on Ferguson Wellman's ability to negotiate commissions resulting in an inability to batch transactions to obtain volume discounts.

### **Client-Directed Brokerage**

Clients may utilize the broker/dealer of their choice. We will make recommendations, but clients have no obligation to execute trades through our recommended brokers. If a client designates a particular broker-dealer, they may not benefit from our ability to negotiate commissions paid by our other clients for similar transactions. The potential disparity in commission rates for client-directed brokerage accounts and Ferguson Wellman-negotiated brokerage may be substantial and will limit our ability to batch transactions in order to obtain volume discounts available to our other clients.

### **Client-Directed Brokerage (Commission Recapture)**

We will trade for the benefit of a client through a directed broker with a commission recapture program at the client's direction. We may also trade away from the specified commission recapture program if the transaction would be prohibitively expensive or we are unable to trade a specific security through the recapture broker.

### **Advisor Directed Brokerage**

We often recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc., to maintain custody of clients' assets and to affect trades for their accounts. Ferguson Wellman is independently-owned and operated and not affiliated with Schwab. Schwab provides Ferguson Wellman with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. Schwab's services include 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.

For our clients maintaining an account in Schwab's custody, Schwab will not charge the client separately for custody services but they will receive compensation from Ferguson Wellman clients in the form of commissions or other transaction-related compensation on securities, executed through Schwab. Schwab also will receive a fee for clearance and settlement of trades executed through broker-dealers other than Schwab (generally lower than the applicable commission on trades it executes). Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees, thus, we may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Nevertheless, we acknowledge our duty to seek best execution of trades for client accounts. Trades for client accounts held at Schwab may be executed through a different broker-dealer than trades for other clients. Thus, trades for accounts custodied at Schwab may be executed at different times with different prices than trades for accounts that are executed at other broker-dealers.

Schwab also makes available to Ferguson Wellman other products and services that benefit Ferguson Wellman, but they may not benefit client accounts directly. Some of these other products and services assist Ferguson Wellman in managing and administering client accounts. These include software and other technology that provide: access to client account data, facilitate trade execution, provide market data, facilitate payment of fees from client accounts and assist with back-office functions, recordkeeping and client reporting. Many of these services are generally used to service all or a substantial number of client accounts, including accounts not maintained at Schwab Institutional.

Schwab generally does not charge separately for Ferguson Wellman client accounts maintained in its custody, but is compensated by the account holder through commissions for securities trades that are executed through Schwab or that settle into Schwab accounts.

### **Rotational Procedures**

As a matter of policy, our allocation procedures are designed to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients. Our policy prohibits any allocation of trades in a manner that Ferguson Wellman's proprietary accounts, affiliated accounts, or any

particular client(s) or group of clients receive more favorable treatment than other client accounts. The policy adopted provides for trading on a random rotational basis for equity trades. This affords for the fair and equitable allocation of transactions across accounts. The fixed income allocation strategy is based upon the practice of filling the oldest outstanding trade order first, followed by the best fit for an account. Sell orders driven by overdrafts are executed immediately.

### **Aggregation and Block Trading Procedures**

The aggregating or blocking of client transactions allows an advisor to execute transactions in a more timely, equitable and efficient manner and seeks to reduce overall transaction costs to clients. We perform aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a prorated basis. In the event transactions for an advisor, its employees or principals (i.e. proprietary accounts) are aggregated with client transactions, these trades are treated the same as a client with no preferential treatment given.

### **Principal Trading**

Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. Transactions between principal accounts and client accounts are discouraged. If extenuating circumstances exist, and a trade must occur, procedures have been established to document the transactions. Ferguson Wellman will provide clients with disclosure regarding each principal transaction including information about advisor's conflict of interest, the price of the transaction or current quoted price, market best price information regarding the security and any commission charges.

### **Cross Transactions**

In some markets, it may be beneficial for Ferguson Wellman to cross securities in client accounts (i.e. swap out a bond or other fixed income product from one client to another). While this type of transaction is allowed, it is a rare occurrence and procedures have been established to properly document the transaction. For the transaction to occur, we must first have the client's permission. Next we must establish a fair and equitable price for both the buyer and seller of the security, by acquiring three bids and three offers. The average bid and offer will be figured based on these prices and the security will be crossed halfway between the average bid and average offer. This procedure will allow the seller to receive a higher than average price and the buyer to receive a lower than average price for the asset.

More commonly, Ferguson Wellman utilizes Charles Schwab to aid in the cross transaction process, as Schwab has a procedure in place which allows investment advisors to cross bonds between unrelated client accounts. Ferguson Wellman will identify the bond to be crossed and the traders at Schwab will solicit multiple bids for the bond. Schwab provides Ferguson Wellman with an absolute sell price, and identifies a higher cross bid and cross offer, which Ferguson Wellman verifies with an independent pricing source to ensure that the quotes from Schwab are appropriate. If yes, then Ferguson Wellman will instruct Schwab to initiate the cross bid and cross offer. Ferguson Wellman retains documents on all such cross trades.

### **Participation of Interest in Client Transactions**

Ferguson Wellman may buy or sell for their personal accounts the same investments that are recommended to clients. To avoid potential conflicts of interests, we require associated persons and their immediate family members receive approval for their trades prior to executing them in their accounts. All employee trades are monitored by our chief compliance officer. For additional information, please see Item 11: Code of Ethics.

## Item 13: Review of Accounts

We review our client portfolios continuously with specific review conducted as follows:

### Operations

We download account positions and transactions on a daily basis directly from client custodians if the custodian has an electronic data feed available (for client custodians without a data feed, these accounts are reconciled on a monthly basis). Our operations team conducts audits of each account and compares positions and transactions on our portfolio system with those of the custodians.

### Trading

Trade activity in client accounts is also reported in aggregate to all portfolio managers to review on a daily basis for review.

### Allocation Guidelines

A general review of asset allocations occurs monthly. Our chief compliance officer generates monthly reports on all accounts to review that the accounts are consistent with portfolio guidelines and in line with client standards.

### Portfolios

Each Ferguson Wellman and West Bearing portfolio manager is responsible for the review of client accounts assigned to them. While we endeavor to keep the client-to-manager ratio low; on average, each manager at Ferguson Wellman handles 40-to-50 client relationships. West Bearing managers will, on average, handle 100-to-150 client relationships.

### Account Reporting

All Ferguson Wellman clients receive a detailed report that is prepared on a quarterly basis. The report package can be mailed, downloaded to the web or presented in person to a client. West Bearing reports are also generated on a quarterly basis, and a detailed report package is sent electronically to each client and uploaded to the web for clients to access. In general, Ferguson Wellman meetings with clients are held quarterly or less frequently based on client preference. West Bearing client meetings will typically be held at a minimum of one per year or scheduled based on client preference.

The standard report package for clients contains extensive information including:

- Portfolio appraisal consisting of cost basis and current market values for all positions
- Portfolio performance
- Portfolio asset allocation
- Equity characteristics including top ten holdings and sector performance
- Fixed income characteristics including bond durations, yields, maturity, coupons and sector allocations
- Purchase and sale reports along with client requested realized gain or loss reports

## Item 14: Client Referrals and Other Compensation

We have a fee-sharing arrangement with Charles Schwab & Co., Inc., Umpqua Private Bank, D.A. Davidson and The Asset Consulting Group, Inc., whereby these firms may refer clients to Ferguson Wellman and West Bearing for investment advisory services and receive compensation in return.

### **Schwab Advisor Network**

Ferguson Wellman and West Bearing receive client referrals from Charles Schwab & Co., Inc., through our participation in the Schwab Advisor Network. The service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with our firm. Schwab does not supervise our firm and has no responsibility for the management of client portfolios or other advice and services provided by us. We pay Schwab a fee to receive client referrals through this service.

Participation in this service may raise potential conflicts of interest for Ferguson Wellman and West Bearing as described. We pay Schwab a participation fee on all referred clients' accounts that are maintained in custody at Schwab and a non-Schwab custody fee on all accounts that are maintained at, or transferred to, another custodian.

The participation fee paid by Ferguson Wellman and West Bearing is a percentage of the fees the client owes to Ferguson Wellman and West Bearing or a percentage of the value of the assets in the client's account, subject to a minimum participation fee. We pay Schwab the participation fee for as long as the referred client's account remains in custody at Schwab. The participation fee is billed to us quarterly and may be increased, decreased or waived by Schwab from time to time. This participation fee is paid by Ferguson Wellman and West Bearing and not by the client.

Ferguson Wellman and West Bearing will generally pay Schwab a non-Schwab custody fee if custody of a referred client account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The non-Schwab custody fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab; and is higher than the participation fees Ferguson Wellman and West Bearing generally would pay for an account in custody at Schwab. The participation and non-Schwab custody fees are based on assets in accounts of Ferguson Wellman and West Bearing clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Ferguson Wellman and West Bearing fees directly from the accounts.

### **Umpqua Private Bank Alliance**

Our business alliance agreement with Umpqua Private Bank establishes guidelines whereby Umpqua Private Bank may refer asset management opportunities to us if those opportunities meet our minimum West Bearing account size of \$750,000 or greater. We agree to pay the referring firm a percentage of the advisory fees for the entire period that such clients continue as clients, notwithstanding any termination of this agreement. Additionally, we may also refer clients to Umpqua Private Bank for private banking opportunities when deemed appropriate for the mutual client. There are no referral fees from Umpqua Private Bank to Ferguson Wellman or West Bearing for this service.

### **Other Alliances**

We may enter business alliance agreements with other firms with established guidelines whereby asset management opportunities may be referred to us if those opportunities meet our minimum account size of \$750,000 for West Bearing and \$3,000,000 for Ferguson Wellman. We agree to pay the referring firm a percentage of the advisory fees for the entire period that such clients continue as clients, notwithstanding any termination of this agreement. Currently we have such agreements with D.A. Davidson and The Asset Consulting Group, Inc.

## Item 15: Custody

Although Ferguson Wellman and West Bearing do not act as qualified custodians, under government regulations we are deemed to have custody of your assets if you authorize us to withdraw funds from your accounts to pay our fees or if you grant us authority to move your money to another account per a Standing Letter of Instruction.

All clients' accounts are held in custody by qualified independent banks or broker/dealers. We are permitted direct debiting of management fees. In order for direct debiting to occur, we must have signed authorization from our client indicating that we are to bill the custodian directly when processing an invoice for payment of our management fees. In all instances our clients will receive a copy of the billing statement for their own records.

While we do send out quarterly account statements, we urge our clients to compare it with the account statement they receive from their qualified custodian. Our statements may vary from custodial statements based on accounting procedures used, reporting dates and valuation methodologies of certain securities. For tax purposes, the custodian statement is the official record of your account(s) and assets.

## Item 16: Investment Discretion

Ferguson Wellman and West Bearing accept discretionary authority to manage accounts on behalf of our clients. We are granted a limited power of attorney and are limited by our standard contract and agreed-upon investment guidelines. The contract allows us to manage substitutions, additions and deletions to a client's portfolio. Our authority includes the power to purchase, sell and exchange property, exercise whatever rights are conferred upon the holder of property held in a portfolio and reinvest any account proceeds. The portfolio guidelines cover restrictions on securities to be bought and sold, portfolio objectives and portfolio asset allocation requirements.

## Item 17: Voting Client Securities

### Proxy Voting

When authority to vote proxies for securities in your account is granted, our intent is to vote them solely in the best interest of our clients. As a matter of policy, the firm will not be influenced by the outside sources whose interests conflict with those of our clients.

When voting proxies, we generally oppose anti-takeover measures because they reduce the rights of its shareholders. One of the primary factors under consideration when determining the desirability of investing in a particular company is the quality and depth of management of that company. Accordingly, we believe that the recommendation of management on any issue should be given substantial weight. As a matter of practice, a vote will be cast with management unless, in our determination, the ratification of management's position would adversely affect the investment merits of owning the stock. A higher degree of scrutiny is given to all measures involving board independence, excessive compensation and lack of disclosure.

If you would like to know how we voted proxies in your account, please contact your portfolio manager for that information. You may also request a copy of our complete proxy voting policy by contacting us at (503) 226-1444.

### Class Actions

We do not file class action lawsuits on behalf of clients. We have hired the firm Battea to process client claims based on historical transaction records provided by us. While we do not charge a fee for this service, Battea does retain 25 percent of any settlement received for their services. Clients wishing to process their own class action claims may opt-out of using the services of Battea at any time with notification to our firm. Litigation settlements received on a filed claim are sent to Battea, who in turn sends the settlements directly to client custodians. At that point we then determine the allocation of the settlement funds between our clients and forward those funds directly to the client's custodian for deposit into their accounts.

## Item 18: Financial Information

Pre-payment of client fees six or more months in advance is not required.

The firm has not been the subject of a bankruptcy petition at any time during the past 10 years.

*Form ADV Part 2B*  
*Brochure Supplement*  
**Education and Business Background**



FERGUSON WELLMAN  
CAPITAL MANAGEMENT



WEST BEARING INVESTMENTS  
a division of Ferguson Wellman

**Ferguson Wellman Capital Management**  
**West Bearing Investments, a division of Ferguson Wellman**

This brochure supplement provides information about the professionals of Ferguson Wellman Capital Management and West Bearing Investments, a division of Ferguson Wellman, which supplements the firm brochure. You should have received a copy of the brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Ferguson Wellman Capital Management and West Bearing Investments, a division of Ferguson Wellman is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**January 1, 2018**

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All employees located at:  
888 Southwest Fifth Avenue | Suite 1200 | Portland, Oregon 97204  
Ferguson Wellman (503) 226-1444 | West Bearing (503) 417-1444  
[www.fergusonwellman.com](http://www.fergusonwellman.com) | [www.westbearinginvest.com](http://www.westbearinginvest.com)

If you have questions or comments, please contact:  
Heidi Goertzen, Chief Compliance Officer  
503-226-1444 | [heidi.goertzen@fergwell.com](mailto:heidi.goertzen@fergwell.com)

**Charissa Anderson, CFP®**

**January 1, 2018**

This brochure supplement provides information about Charissa Anderson that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Charissa Anderson is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Educational Background and Business Experience***

- Year of Birth: 1977
- Senior Vice President
- Bachelor of Science, Portland State University, 2000
- Designations - CFP®, 2010
- Prior to joining Ferguson Wellman Capital Management in 2017, Charissa worked for Umpqua Private Bank

***Disciplinary Information***

Charissa Anderson has no legal or disciplinary events to report.

***Other Business Activities***

None

***Additional Compensation***

None

***Supervision***

Josh Frankel supervises Charissa Anderson and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Josh Frankel can be reached at (503) 417-1444.

For more information on the qualifications of the CFP® designation, please see the Appendix.

**Nathan M. Ayotte, CFP®**

**January 1, 2018**

This brochure supplement provides information about Nathan Ayotte that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Nathan Ayotte is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Educational Background and Business Experience***

- Year of Birth: 1973
- Executive Vice President
- Bachelor of Science, Psychology, University of Oregon, 1995
- Designations - CFP®, 2010
- Prior to joining Ferguson Wellman Capital Management in 2008, Nathan worked for Scottrade

***Disciplinary Information***

Nathan Ayotte has no legal or disciplinary events to report.

***Other Business Activities***

None

***Additional Compensation***

None

***Supervision***

Steve Holwerda supervises Nathan Ayotte and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Steve Holwerda can be reached at (503) 226-1444.

For more information on the qualifications of the CFP® designation, please see the Appendix.

## Timothy D. Carkin, CAIA, CMT

January 1, 2018

This brochure supplement provides information about Timothy Carkin that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Timothy Carkin is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1980
- Senior Vice President
- Bachelor of Arts, Business and Finance, Portland State University, 2002
- Masters of Business Administration, University of Oregon, 2015
- Designations - CAIA, 2010, and CMT, 2011
- Prior to joining Ferguson Wellman Capital Management in 2003, Timothy worked for Wells Fargo Bank

### *Disciplinary Information*

Timothy Carkin has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

Steve Holwerda supervises Timothy Carkin and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Steve Holwerda can be reached at (503) 226-1444.

For more information on the qualifications of the CAIA and CMT designation, please see the Appendix.

**Scott W. Christianson, CFP®**

**January 1, 2018**

This brochure supplement provides information about Scott Christianson that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Scott Christianson is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Educational Background and Business Experience***

- Year of Birth: 1985
- Senior Vice President
- Bachelor of Science, Business Administration, Oregon State University, 2008
- Designations - CFP®, 2013
- Prior to joining Ferguson Wellman Capital Management in 2008, Scott interned for Financial Stewardship Resources.

***Disciplinary Information***

Scott Christianson has no legal or disciplinary events to report.

***Other Business Activities***

None

***Additional Compensation***

None

***Supervision***

Steve Holwerda supervises Scott Christianson and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Steve Holwerda can be reached at (503) 226-1444.

For more information on the qualifications of the CFP® designation, please see the Appendix.

## James A. Coats

January 1, 2018

This brochure supplement provides information about James Coats that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about James Coats is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1970
- Executive Vice President
- Bachelor of Arts, Communication, Oregon State University, 1993
- Master of International Affairs, Columbia University, 2001
- Prior to joining Ferguson Wellman Capital Management in 2006, James worked for R.V. Kuhns & Associates, Inc.

### *Disciplinary Information*

James Coats has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

Steve Holwerda supervises James Coats and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Steve Holwerda can be reached at (503) 226-1444.

## Ralph W. Cole IV, CFA

January 1, 2018

This brochure supplement provides information about Ralph Cole that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Ralph Cole is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1967
- Executive Vice President of Research
- Bachelor of Science, Finance and Marketing, University of Oregon, 1989
- Master of Business Administration, University of Southern California, 1998
- Designation - CFA, 1997
- Prior to joining Ferguson Wellman Capital Management in 1998, Ralph worked for Payden & Rygel

### *Disciplinary Information*

Ralph Cole has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

Ralph Cole is supervised by the firm's other Board of Directors, Steve Holwerda, George Hosfield, Dean Dordevic and Jim Rudd. All these individuals monitor the advisory services provided to clients and are responsible for formulation and monitoring of investment advice offered to clients, regular reviews of trading and positions for adherence to internal strategy and client guidelines. Mr. Holwerda, Mr. Hosfield, Mr. Dordevic and Mr. Rudd can be reached at (503) 226-1444

For more information on the qualifications of the CFA designation, please see the Appendix.

## Dean M. Dordevic

January 1, 2018

This brochure supplement provides information about Dean Dordevic that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Dean Dordevic is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1958
- Principal
- Bachelor of Arts, Business Administration and Finance, Trinity University, 1981
- Prior to joining Ferguson Wellman Capital Management in 1994, Dean worked for Kidder Peabody Asset Management

### *Disciplinary Information*

Dean Dordevic has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

Dean Dordevic is supervised by the firm's other Board of Directors, Steve Holwerda, George Hosfield, Ralph Cole and Jim Rudd. All these individuals monitor the advisory services provided to clients and are responsible for formulation and monitoring of investment advice offered to clients, regular reviews of trading and positions for adherence to internal strategy and client guidelines. Mr. Holwerda, Mr. Hosfield, Mr. Cole and Mr. Rudd can be reached at (503) 226-1444.

**Marc F. Fovinci, CFA**

**January 1, 2018**

This brochure supplement provides information about Marc Fovinci that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Marc Fovinci is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Educational Background and Business Experience***

- Year of Birth: 1959
- Principal
- Bachelor of Science, Mechanical Engineering, Stanford University, 1981
- Master of Business Administration, University of Washington, 1983
- Designations – CFA, 1987
- Prior to joining Ferguson Wellman Capital Management in 1991, Marc worked for The Washington State Investment Board

***Disciplinary Information***

Marc Fovinci has no legal or disciplinary events to report.

***Other Business Activities***

None

***Additional Compensation***

None

***Supervision***

George Hosfield supervises Marc Fovinci and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. George Hosfield can be reached at (503) 226-1444.

For more information on the qualifications of the CFA designation, please see the Appendix.

**Joshua D. Frankel, CFP®**

**January 1, 2018**

This brochure supplement provides information about Joshua Frankel that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Joshua Frankel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Educational Background and Business Experience***

- Year of Birth: 1978
- Executive Vice President
- Bachelor of Science, Journalism, University of Oregon, 2000
- Master of Business Administration, University of Oregon, 2006
- Designations - CFP®, 2014
- Prior to joining Ferguson Wellman Capital Management in 2013, Joshua worked for Merrill Lynch

***Disciplinary Information***

Joshua Frankel has no legal or disciplinary events to report.

***Other Business Activities***

None

***Additional Compensation***

None

***Supervision***

Steve Holwerda supervises Joshua Frankel and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Steve Holwerda can be reached at (503) 226-1444.

For more information on the qualifications of the CFP® designations, please see the Appendix.

**Steven J. Holwerda, CFA**

**January 1, 2018**

This brochure supplement provides information about Steven Holwerda that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Steven Holwerda is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Educational Background and Business Experience***

- Year of Birth: 1962
- Chief Operating Officer and Principal
- Bachelor of Science, Economics, South Dakota State University, 1984
- Master of Business Administration, University of Oregon, 1991
- Designations – CFA, 1994
- Prior to joining Ferguson Wellman Capital Management in 1989, Steven worked for the University of Oregon

***Disciplinary Information***

Steven Holwerda has no legal or disciplinary events to report.

***Other Business Activities***

None

***Additional Compensation***

None

***Supervision***

Steven Holwerda is supervised by the firm's other Board of Directors, Dean Dordevic, George Hosfield, Ralph Cole and Jim Rudd. All these individuals monitor the advisory services provided to clients and are responsible for formulation and monitoring of investment advice offered to clients, regular reviews of trading and positions for adherence to internal strategy and client guidelines. Mr. Dordevic, Mr. Hosfield, Mr. Cole and Mr. Rudd can be reached at (503) 226-1444.

For more information on the qualifications of the CFA designation, please see the Appendix.

## George W. Hosfield, CFA

January 1, 2018

This brochure supplement provides information about George Hosfield that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about George Hosfield is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1957
- Chief Investment Officer and Principal
- Bachelor of Science, Management, University of Oregon, 1979
- Master of Business Administration, University of Oregon, 1983
- Designations – CFA, 1990
- Prior to joining Ferguson Wellman Capital Management in 1991, George was a portfolio manager with Qualivest Capital Management

### *Disciplinary Information*

George Hosfield has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

George Hosfield is supervised by the firm's other Board of Directors, Dean Dordevic, Steve Holwerda, Ralph Cole and Jim Rudd. All these individuals monitor the advisory services provided to clients and are responsible for formulation and monitoring of investment advice offered to clients, regular reviews of trading and positions for adherence to internal strategy and client guidelines. Mr. Dordevic, Mr. Holwerda, Mr. Cole and Mr. Rudd can be reached at (503) 226-1444.

For more information on the qualifications of the CFA designation, please see the Appendix.

## Brad H. Houle, CFA

January 1, 2018

This brochure supplement provides information about Brad Houle that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Brad Houle is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1969
- Executive Vice President
- Bachelor of Science, Finance, University of Montana, 1991
- Master of Business Administration, University of Oregon, 1995
- Designations – CFA, 1999
- Prior to joining Ferguson Wellman Capital Management in 2013, Brad worked for the Davidson Investment Advisors

### *Disciplinary Information*

Brad Houle has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

George Hosfield supervises Brad Houle and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. George Hosfield can be reached at (503) 226-1444.

For more information on the qualifications of the CFA designation, please see the Appendix.

## Tara Kinateder

January 1, 2018

This brochure supplement provides information about Tara Kinateder that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Tara Kinateder is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1970
- Executive Vice President
- Bachelor of Arts, Journalism and Business, Brenau University, 1992
- Certificate in Personal Financial Planning, University of Washington, 2007
- Certificate in Investment Strategies and Portfolio Management, University of Pennsylvania's Wharton School of Business, 2016
- Prior to joining Ferguson Wellman Capital Management in 2017, Tara worked for U.S. Trust and Bernstein Wealth Management

### *Disciplinary Information*

Tara Kinateder has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

Steve Holwerda supervises Tara Kinateder and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Steve Holwerda can be reached at (503) 226-1444.

## Mark J. Kralj

January 1, 2018

This brochure supplement provides information about Mark Kralj that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Mark Kralj is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1955
- Principal
- Bachelor of Science, Business, Oregon State University, 1977
- Prior to joining Ferguson Wellman Capital Management in 1989, Mark worked for First Interstate Bank of Oregon

### *Disciplinary Information*

Mark Kralj has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

Mark Kralj is supervised by the firm's Board of Directors, Dean Dordevic, Steve Holwerda, George Hosfield, Jim Rudd and Ralph Cole. All these individuals monitor the advisory services provided to clients and are responsible for formulation and monitoring of investment advice offered to clients, regular reviews of trading and positions for adherence to internal strategy and client guidelines. Mr. Dordevic, Mr. Holwerda, Mr. Hosfield, Mr. Rudd and Mr. Cole can be reached at (503) 226-1444.

## Deidra M. Krys-Rusoff

January 1, 2018

This brochure supplement provides information about Deidra Krys-Rusoff that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Deidra Krys-Rusoff is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1967
- Senior Vice President, Tax-Exempt Trading and Portfolio Management
- Bachelor of Arts, Zoology, College of Idaho, 1989
- Prior to joining Ferguson Wellman Capital Management in 2004, Deidra worked for U.S. Bancorp/First American Asset Management

### *Disciplinary Information*

Deidra Krys-Rusoff has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

Marc Fovinci supervises Deidra Krys-Rusoff and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Marc Fovinci can be reached at (503) 226-1444.

## Mary E. Lago, CTFA

January 1, 2018

This brochure supplement provides information about Mary Lago that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Mary Lago is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1976
- Executive Vice President
- Bachelor of Science, Business Administration, Linfield College, 1997
- Designations – CTFA, 2005
- Prior to joining Ferguson Wellman Capital Management in 2015, Mary worked for Washington Trust Bank

### *Disciplinary Information*

Mary Lago has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

Steve Holwerda supervises Mary Lago and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Steve Holwerda can be reached at (503) 226-1444.

For more information on the qualifications of the CFTA designation, please see the Appendix.

## Helena B. Lankton

January 1, 2018

This brochure supplement provides information about Helena Lankton that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Helena Lankton is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1950
- Executive Vice President
- Bachelor of Arts, Economics, Stanford University, 1972
- Prior to joining Ferguson Wellman Capital Management in 2005, Helena worked for Badgley, Phelps & Bell.

### *Disciplinary Information*

Helena Lankton has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

Steve Holwerda supervises Helena Lankton and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Steve Holwerda can be reached at (503) 226-1444.

**Shawn M. Narancich, CFA**

**January 1, 2018**

This brochure supplement provides information about Shawn Narancich that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Shawn Narancich is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Educational Background and Business Experience***

- Year of Birth: 1972
- Executive Vice President of Research
- Bachelor of Science, Accounting and Business Administration, College of Great Falls, 1995
- Designations - CFA, 2000
- Prior to joining Ferguson Wellman Capital Management in 2008, Shawn worked for Chittenden Bank

***Disciplinary Information***

Shawn Narancich has no legal or disciplinary events to report.

***Other Business Activities***

None

***Additional Compensation***

None

***Supervision***

George Hosfield supervises Shawn Narancich and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. George Hosfield can be reached at (503) 226-1444.

For more information on the qualifications of the CFA designation, please see the Appendix.

## Jason D. Norris, CFA

January 1, 2018

This brochure supplement provides information about Jason Norris that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Jason Norris is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1972
- Executive Vice President of Research
- Bachelor of Business Administration, Economics, Boise State University, 1994
- Master of Business Administration, Notre Dame, 1998
- Designations - CFA, 2002
- Prior to joining Ferguson Wellman Capital Management in 2001, Jason worked for Morgan Stanley Investment Management

### *Disciplinary Information*

Jason Norris has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

George Hosfield supervises Jason Norris and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. George Hosfield can be reached at (503) 226-1444.

For more information on the qualifications of the CFA designation, please see the Appendix.

## Donald L. Rainer

January 1, 2018

This brochure supplement provides information about Donald Rainer that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about Donald Rainer is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1964
- Executive Vice President
- Bachelor of Science, Communication, University of Oregon, 1989
- Prior to joining Ferguson Wellman Capital Management in 1998, Donald worked for Schwab Institutional

### *Disciplinary Information*

Donald Rainer has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

Steve Holwerda supervises Donald Rainer and monitors the advisory services provided to clients through regular review of trading and positions for adherence to internal strategy and client guidelines. Steve Holwerda can be reached at (503) 226-1444.

## James H. Rudd

January 1, 2018

This brochure supplement provides information about James Rudd that supplements the Ferguson Wellman Capital Management brochure. You should have received a copy of that brochure. Please contact our Chief Compliance Officer, Heidi Goertzen if you did not receive Ferguson Wellman Capital Management's brochure or if you have any questions about the content of this supplement. Additional information about James Rudd is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *Educational Background and Business Experience*

- Year of Birth: 1948
- Chief Executive Officer and Principal
- Bachelor of Arts, Business and Education, University of Northern Iowa, 1970
- Prior to joining Ferguson Wellman Capital Management in 1983, James worked for Oregon State University

### *Disciplinary Information*

James Rudd has no legal or disciplinary events to report.

### *Other Business Activities*

None

### *Additional Compensation*

None

### *Supervision*

James Rudd is supervised by the firm's other Board of Directors, Dean Dordevic, Steve Holwerda, George Hosfield and Ralph Cole. All of these individuals monitor the advisory services provided to clients and are responsible for formulation and monitoring of investment advice offered to clients, regular reviews of trading and positions for adherence to internal strategy and client guidelines. Mr. Dordevic, Mr. Holwerda, Mr. Hosfield and Mr. Cole can be reached at (503) 226-1444.

## Appendix: Qualifications for professional designations

### Certified Financial Planner (CFP)

The CFP certification process, administered by CFP Board, identifies to the public that individuals have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients.

CFP professionals must pass a comprehensive CFP Certification Examination, pass CFP Board's Fitness Standards for Candidates, agree to abide by CFP Board's Code of Ethics and Rules of Conduct which put clients' interests first.

**Initial CFP certification includes** - Education, Examination, Experience and Ethics

**Education** - The first step is to acquire the knowledge required to deliver professional, competent and ethical financial planning services to clients. You must also have earned a bachelor's degree from an accredited institution. CFP Board does not grant equivalencies or exceptions to the bachelor's degree education requirement.

**Examination** - After meeting the education coursework requirement, an examination is administered. The CFP exam assesses your ability to apply your financial planning knowledge, in an integrated format, to financial planning situations.

**Experience** - CFP Board requires you to have three years of professional experience in the financial planning process, or two years of apprenticeship experience. Qualifying experience may be acquired through professional settings including personal delivery, supervision, direct support or teaching.

**Ethics** - When you have completed the education, examination and experience components of the CFP certification a candidate is required to disclose information about their background, including your involvement in any criminal, civil, governmental, or self-regulatory agency proceeding or inquiry, bankruptcy, customer complaint, filing, termination/internal reviews conducted by your employer or firm. CFP conducts a detailed background check for all candidates, including review of any disclosures made on the CFP Certification Application.

### Chartered Alternative Investment Analyst (CAIA)

The CAIA designation, recognized globally, is administered by the Chartered Alternative Investment Analyst Association and requires a comprehensive understanding of core and advanced concepts regarding alternative investments, structures, and ethical obligations. To qualify for the CAIA designation, finance professionals must pass a self-directed, comprehensive course of study on risk-return attributes of institutional quality alternative assets and complete both the Level I and Level II CAIA examinations. The CAIA examinations are administered in a computerized format at proctored test centers around the world. To qualify for membership, individuals are required to have met prerequisites of at least one year of professional experience

and a U.S. bachelor's degree or its equivalent, or four years of professional experience. Professional experience includes full-time employment in a professional capacity within the regulatory, banking, financial, or related fields. Once a qualified candidate completes the CAIA program, he or she may apply for CAIA membership and the right to use the CAIA designation, providing an opportunity to access ongoing educational opportunities.

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

Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute – the largest global association of investment professionals.

To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

*High Ethical Standards* The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### *Global Recognition*

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders – often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### *Comprehensive and Current Knowledge*

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

### **Chartered Market Technician (CMT)**

The Chartered Market Technician (CMT) program requires candidates demonstrate proficiency in a broad range of topics in the field of Technical Analysis.

In order to be granted the CMT designation, candidates must meet the following requirements:

- Successful completion of all three (3) levels of the CMT Exam
- Obtain 'Member Status' in the Market Technicians Association
- Have been gainfully employed in a professional analytical or investment management capacity for a minimum period of three (3) years and must be regularly engaged in this capacity at the time of successfully passing all three (3) levels of the Chartered Market Technician Exam.

### **Certified Trust and Financial Advisor (CTFA)**

The Certified Trust and Financial Advisor (CTFA) designation is awarded by the Institute of Certified Bankers, a division of the American Bankers Association. The designation is intended to represent comprehensive understanding in the following disciplines: Fiduciary and Trust Activities; Financial Planning; Tax Law and Planning; and Investment Management as verified through a professionally administered exam. CTFA exam eligibility requirements include 3-10 years of industry experience, structured coursework and degrees, as well as adherence to a Professional Code of Ethics. Maintaining the designation requires 45 hours of continuing education in every three year cycle and adherence to the ICB's Professional Code of Ethics.