Form ADV Part 2A
Brochure

FERGUSON WELLMAN
CAPITAL MANAGEMENT

WEST BEARING INVESTMENTS
a division of Ferguson Wellman

May 27, 2026

Ferguson Wellman Capital Management, Inc.
West Bearing Investments, a division of Ferguson Wellman
805 Southwest Broadway | Suite 2100 | Portland, Oregon 97205
Ferguson Wellman (503) 226-1444 | West Bearing (503) 417-1444
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This brochure provides information about the qualifications and business practices of Ferguson Wellman Capital Management, Inc. ("Ferguson Wellman") and its divisions West Bearing Investments ("West Bearing") and Octavia Group . If you have any questions about the contents of this brochure, please contact us at (503) 226-1444 or ezra.kover@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 and West Bearing is also available on the SEC's website at www.adviserinfo.sec.gov.

All sections of the brochure relate to Ferguson Wellman and its divisions West Bearing and Octavia Group unless otherwise noted.

We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an investment adviser 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

On May 27, 2026 Ferguson Wellman Capital Management, Inc. relocated offices to 805 SW Broadway, Suite 2100, Portland, OR 97205.

On January 2, 2026, Ferguson Wellman Capital Management, Inc. acquired Great Northern Asset Management ("Great Northern"), a registered investment adviser. Great Northern withdrew its registration with the Securities and Exchange Commission.

Clients of Great Northern became clients of Ferguson Wellman pursuant to new Investment Advisory Agreements executed with Ferguson Wellman. The advisory services provided to former Great Northern clients are now delivered under Ferguson Wellman's existing advisory platform.

As part of this transaction, Ferguson Wellman added a new office in Vancouver Washington in the same space formerly occupied by Great Northern.

We review and update this brochure at least annually to make sure that it is still current.

Item 3: Table of Contents

Item 4: Advisory Business

Description of Advisory Services

Ferguson Wellman is an employee-owned, registered investment adviser established in 1975. We provide personalized investment and 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 $4,000,000.

West Bearing was established in 2013. With two entry points to the same investment strategies, Ferguson Wellman is able to work with clients earlier through its West Bearing division. This division provides personalized investment and wealth management services to individuals and families and investment management services to institutions such as endowments, foundations and retirement plans. West Bearing specializes in building and managing customized, separately managed portfolios in excess of $1,000,000.

Services provided:

- Investment account management services
- Wealth management services focus on but not limited to
    - Wealth planning
    - Retirement
    - Life events
    - Philanthropic strategies
    - Trusts and estates
    - Taxes
    - Risk management
    - Education funding

Board of Directors

Ralph Cole, CFA, Director, Equity Strategy and Portfolio Management
Joshua Frankel, CFP®, Director, Portfolio and Wealth Management, West Bearing Investments
Steven Holwerda, CFA, Managing Director
George Hosfield, CFA, Director, Chief Investment Officer
Jason Norris, CFA, Director, Equity Research and Portfolio Management

Assets Under Management

As of December 31, 2025, discretionary assets under management (AUM) for Ferguson Wellman were $10,664,664,229. Of this total AUM, Ferguson Wellman managed assets totaling $9,647,975,032and West Bearing managed assets totaling $1,016,689,197. Ferguson Wellman and West Bearing generally do not manage accounts on a nondiscretionary basis but may make exceptions for existing client relationships.

As of the most recent ADV filed by Great Northern, on July 11, 2025, Great Northern managed assets totaling $222,308,614.

Discretionary Management

Authority is granted to Ferguson Wellman through our advisory contracts for discretionary account management, enabling 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 in a signed investment policy statement, or in certain cases, through questionnaires and discussions with the adviser. 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 individual securities or types of securities.

Ferguson Wellman's policies, procedures, and compliance program are designed to support its fiduciary obligation to act in the best interests of its clients at all times.

Personal Financial Services

Octavia Group was established in December 2020 for existing clients of the firm and for new clients with assets of $10 million or more managed by our firm. This division provides personal financial services to individuals and families such as expense management, technology support, and personalized financial statements. This private family office offering augments Ferguson Wellman's investment and wealth management strategies. At the time of engagement, Octavia Group clients will sign a separate agreement establishing the scope of services and fees.

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 of 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 and may be negotiated based on relevant criteria, such as size and complexity of the portfolio as well as other considerations. Fees are rounded to the nearest dollar. Fees can be charged annually or semiannually upon client request. Each party to the advisory agreement may rescind upon a 30-day written notice. A prorated refund of the fee will be made upon the closing of an account.

In connection with Ferguson Wellman's acquisition of Great Northern on January 2, 2026, certain clients who transitioned to Ferguson Wellman continue to pay advisory fees pursuant to the fee schedules that were in effect under their prior advisory agreements. These fee arrangements may differ from Ferguson Wellman's current standard fee schedule. Ferguson Wellman may maintain legacy fee schedules for clients acquired through transactions or for other business reasons. As a result, similarly situated clients may pay different advisory fees.

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 $20,000,000

West Bearing Investments:
1.00% on the first $2,000,000
0.85% above $2,000,000*

*Once a West Bearing portfolio reaches $3,000,000, the client is eligible for a different fee structure.

Client assets invested in a mutual fund(s), ETF(s) or other fund structure 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 represents 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-only” investment adviser.

We do not have any compensation arrangements where we receive payment for referral fees, revenue sharing, 12b-1 payments, shareholder servicing or recordkeeping fees.

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

Octavia Group Fees

Octavia Group will charge clients a mutually agreed upon fixed fee above Ferguson Wellman’s portfolio management fees. Such fees will be determined based on the complexity, length of time and scope of work agreed to with the client. The minimum fixed fee will be $1,000 per month, along with a commitment of at least one year of services. Depending on the arrangement with each client, Octavia Group will either invoice clients or directly debit their accounts for its services.

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 client types including:

- High-net-worth and ultra-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 $4,000,000 and $1,000,000 for West Bearing. The stated minimums are to begin a relationship with the firm; clients may have multiple accounts that combine to meet this minimum; there is no minimum to maintain an account.

Retirement Plan Accounts and Individual Retirement Accounts

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we generate income for our firm creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours. Under this special rule's provisions, we must:

a. Meet a professional standard of care when making investment recommendations (give prudent advice);
b. Never put our financial interests ahead of yours when making recommendations (give loyal advice);
c. Avoid misleading statements about conflicts of interest, fees, and investments;
d. Follow policies and procedures designed to ensure that we give advice that is in your best interest;
e. Charge no more than is reasonable for our services; and
f. Give you basic information about conflicts of interest.

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

Investment Policy Committee

Ferguson Wellman's investment policy committee (*IPC*) consists of George Hosfield, CFA, director and chief investment officer; Brad Houle, CFA, principal and head of fixed income; Jason Norris, CFA, director, equity research and portfolio management; and Peter Jones, CFA, executive vice president, equity research and portfolio management. Our *IPC* employs valuation, macroeconomic indicators, trends/momentum, and analyst input to formulate our asset allocation targets and sector weightings. Our *IPC* meets weekly in addition to quarterly meetings with the entire investment team to review all the firm's investment products and strategies.

Investment Strategies

We principally 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 return 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, as well as other *Alternative Investment* strategies.

In certain cases, including accounts transitioned to the firm in connection with the business acquisition of Great Northern, portfolios may be constructed primarily using mutual funds and/or exchange-traded funds. This approach may be appropriate based on account size, legacy positioning, client preference, tax considerations, or other relevant factors.

The firm evaluates each client relationship individually and determines the appropriate portfolio construction methodology based on the client's investment objectives, risk tolerance, financial circumstances, and overall service needs. As a result, clients with similar investment objectives may be invested using different portfolio construction approaches.

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 are below.

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 40-to-60 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, identifies themes and establishes sector target allocations that are within +/- 4% 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 in 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 $1.5 billion market capitalization. The strategy consists of dividend-yielding common equities and real estate investment trusts. Similar to 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 the annual realized capital gains tax to 1% 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 each strategy's benchmark. 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% of the portfolio's equity market value in capital gains tax is based on the assumption of the highest federal and state long term-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.

Global Sustainable Investing

In 2018, we launched our *Global Sustainable Investing (GSI)* strategy. Our approach is to use a positive screen instead of the traditional, exclusionary application. One of the benefits of managing the product in-house with individual securities is that clients still have the option to exclude sectors, industries and companies that do not align with their values.

We overlay *Large-Cap Core*, *Dividend Value* and *International Equity* strategies against MSCI's environmental, social, and governance (ESG) screening tool to purchase shares of companies that achieve a score of at least BBB (AAA = highest, CCC = lowest) and an environmental score that is above its peer group. With a narrowed list of securities that have been determined by our analysts to possess attractive fundamental characteristics and meet our threshold on ESG factors, we construct a global equity portfolio containing approximately 50-70 individual securities. In addition, we use ESG mutual funds and ETFs for U.S. small-cap and emerging markets exposure. By integrating traditional fundamental and quantitative analysis with ESG rankings, we maintain the investment integrity achieved through our in-depth financial analysis while limiting our investable universe only to companies that align well with the ESG value system.

For balanced accounts, we adopt the same investment process for fixed income securities. The equity portion of our *GSI* strategy contains approximately 50-to-70 holdings, of which 90% or more are individual securities. In order to generate a risk-return profile similar to that of a diversified global portfolio, *GSI* contains exposure to most industry groups; however, *GSI* avoids investments in civilian firearms manufacturers, tobacco and coal companies.

Ferguson Wellman utilizes third party providers for its ESG screening data. Such data is presumed accurate, but Ferguson Wellman does not independently verify third-party data.

The ESG overlay process used in the Ferguson Wellman GSI portfolios may result in the exclusion of certain securities or sectors that could otherwise be included in a portfolio. As a result, the GSI strategy may underperform or perform differently compared to strategies that do not incorporate ESG considerations. Because ESG criteria are not uniformly defined and require subjective judgment, the GSI strategy's ESG assessments may differ from those of other investors or ESG managers.

International Equity

Our *International Equity* strategy invests in equities in both developed and emerging markets and follows a rigorous screening process of securities similar to the domestic asset class. To minimize accounting risk and reduce custodial fees, we use American Depository Receipts (ADRs) for the majority of our investment exposure. We employ a quantitative model using approximately 20 fundamental and valuation factors to screen foreign companies trading ADRs with sufficient liquidity in U.S. markets and with a minimum market capitalization of $1.5 billion. The model uses a quintile ranking system to screen names that, like our domestic core model, are then analyzed to produce buy-sell-hold decisions. Because of the increasing importance of emerging markets, we now split our quantitative modeling into emerging market and developed market screens. We augment our strategy by using outside managers for developed market, small-capitalization equities and for additional emerging market exposure.

Small-Cap Domestic Equity

Our *Small-Cap Equity* asset class will be invested in U.S. equities that are constituents of the Russell 2000. For our small-cap equity strategy, Ferguson Wellman partners with firms that have been vetted through our investment team and our compliance parameters. In small cap, we use mutual funds and/or ETFs, depending on client circumstances.

Fixed Income

Our *Fixed Income* strategies utilize government bonds, agency bonds, mortgage-backed securities, municipal bonds and corporate obligations. Portfolio construction varies by client as we construct portfolios tailored to individual needs. Long-term bonds are used for long-term stability and higher income. Short-term bonds generate income and provide for near-term cash needs. Appropriate security selection and portfolio structure add to the returns generated by interest earnings.

Our fixed income team also meets formally to discuss economic analysis, yield curve forecasts, duration shifts and sector weightings. These managers work collaboratively to perform a disciplined examination of macroeconomic policy, economic trends, investor cash levels and market psychology that results in an interest rate forecast to guide 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 emphasis placed on generating the highest level of current income consistent with preservation of principal.

Alternatives

Alternative investments are less correlated to traditional stocks and bonds and are used to further diversify client portfolios. *Alternatives* can include 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 may also use exchange-traded funds for broader exposure, such as commodities. Depending on the type of investment, liquidity may be quarterly or less frequent. Therefore, if the value of the asset should decline, an investor may find it hard to quickly sell shares in an illiquid market. For private investments, investors should refer to the fund offering documents and private placement memorandums for specific information on the strategies, risks and qualifications.

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, liquidity requirements and risk-and-return preferences. Although we strive to preserve principal assets and grow client wealth, investing in securities involves the risk of loss that each client should be prepared to accept. Please see additional risk considerations below:

- Portfolios invested primarily in individual securities may involve issuer-specific risk and may experience greater volatility depending on concentration levels.
- Portfolios invested primarily through mutual funds or exchange-traded funds are subject to the underlying risks of those pooled investment vehicles and may involve additional expenses at the fund level.
- Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.
- Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment.
- Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally, the longer a bond's maturity, the more sensitive it is to this risk. The market value of debt instruments may fluctuate and proceeds from sales prior to maturity may be more or less than the amount originally invested or the maturity value due to changes in market conditions or changes in the credit quality of the issuer. Bonds are subject to the credit risk of the issuer. This is the risk that the issuer might be unable to make interest and/or principal payments on a timely basis. Bond yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision.
- International investing entails greater risk, as well as greater potential rewards compared to U.S. investing. These risks include political and economic uncertainties of foreign countries as well as the risk of currency fluctuations. These risks are magnified in countries with emerging markets, since these countries may have relatively unstable governments and less established markets and economies.
- Portfolios invested primarily through mutual funds or exchange-traded funds are subject to the underlying risks of those pooled investment vehicles and may involve additional expenses at the fund level.

- Mutual Funds and ETFs face risks based on the investments they hold:
    - Sector Stock Fund Risks. A sector stock fund invests in securities of a particular sector or industry (such as telecommunications) and is at risk that its price will decline due to developments in the industry
    - Small-cap Company Risks – Investments in small -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. In addition, small -cap companies may be more vulnerable to economic, market and industry changes. Because smaller companies may have limited product lines, markets or financial resources, they may be more susceptible to particular economic events or competitive factors than larger capitalization companies.

Item 9: Disciplinary Information

Registered investment advisers 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 it 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 on an ongoing basis all personal securities transactions and
- On an annual basis, we require all employees to recertify that they have read, understood and will adhere to our code of ethics

Our code of ethics permits personal trading by employees of our firm. As a result, we often follow our own advice and may purchase or sell the same securities that we place transactions for your account and the accounts of our other clients, but employees are prohibited from buying or selling securities for two trading days following a firm-wide block trade of the given securities. 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 accounts, 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 number or email on the cover page of this brochure.

Item 12: Brokerage Practices

As previously stated in Item 5, we do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets under certain circumstances, for example: if you give us authority to withdraw assets from your account (See Item 15 – Custody). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank.

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. 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 refers to 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.

Ferguson Wellman will rely on the safe harbor provided under Section 28(e) of the Securities Exchange Act of 1934, where applicable, when paying for research services. In such cases, the firm makes a good faith determination that the amount of commission paid is reasonable in relation to the value of the brokerage and research services received. In situations where research services have both research and non-research uses ("mixed-use"), Ferguson Wellman allocates the cost of such services in good faith between eligible and non-eligible uses.

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 combined into one flat fee. Ferguson Wellman periodically accepts these arrangements with national brokerage firms, fulfilling the role of investment adviser on the account. Currently such arrangements compromise only a de minimis part of our total AUM. 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. (Schwab), a registered broker-dealer, member SIPC, 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. For those clients who choose to use Schwab, Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. While we recommend Schwab as a custodian, the client decides whether to open their account with Schwab by entering into an account agreement directly with them. We do not open the account for you but our client relationship associates will assist in doing so. Even if your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below.

For our clients maintaining an account in Schwab's custody, Schwab will not charge the client separately for custody services, but Schwab will receive compensation from Ferguson Wellman clients in the form of commissions or other transaction-related compensation on securities executed through Schwab. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. Schwab will receive a fee for clearance and settlement of trades executed through broker-dealers other than Schwab which are 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 charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but the securities bought or the funds from the securities are deposited into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades in your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above. By using another broker or dealer you may pay lower transaction costs.

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us.

Schwab also makes available to Ferguson Wellman various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

Services that benefit our clients

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit our clients and their accounts.

Services that do not directly benefit our clients
Schwab also makes available to Ferguson Wellman other products and services that benefit us but do not directly benefit our clients and their accounts. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only Ferguson Wellman.
Schwab also offers other services intended to help Ferguson Wellman manage and further develop our business enterprise. These services include:

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

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees.

The availability of these services from Schwab benefits us because we do not have to produce them or pay for them. This availability of services creates an incentive to recommend Schwab, based upon our interest in receiving Schwab's services that benefit our businesses and Schwab's payment for services for which we would otherwise have to pay, creates a conflict of interest. Ferguson Wellman believes that recommendation of Schwab as custodian and broker is in the best interests of our clients.

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 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, directors 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., sell 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 agency cross transactions, 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, 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 employees 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 to receive approval for their trades prior to executing them in their accounts. In the event that Ferguson Wellman has executed a block trade on a particular security, employees are prohibited from trading on that security for two trading days after the firm announces its intent to trade. 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.

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 50-to-60 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, uploaded to a dedicated web portal or presented in person to a client. West Bearing reports are also generated on a quarterly basis, and a detailed report package is uploaded to a dedicated web portal 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 once 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 10 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

We urge our clients to compare our reports 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 client account(s) and assets.

Item 14: Client Referrals and Other Compensation

We have a fee-sharing arrangement with Charles Schwab & Co., Inc., Umpqua Private Bank, 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 Schwab 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 set schedule based upon the size of the managed assets. We do not charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service. 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.

The firm also receives an economic benefit from Schwab in the form of support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us and the related conflict of interest are described above (see Item 12 – Brokerage Practices).

Umpqua 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 $1,000,000 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 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 $1,000,000 for West Bearing and $4,000,000 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 an agreement with The Asset Consulting Group, Inc.

Item 15: Custody

All clients' accounts are held in custody by qualified independent banks or broker-dealers. We are permitted direct debiting of management fees. 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.

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 Authorization Instruction (SLOA). Ferguson Wellman and West Bearing are also deemed to have constructive custody due to SLOAs for certain clients.

Octavia Group

Under SEC guidance, Ferguson Wellman, through the Octavia Group division, is deemed to have custody over certain assets due to the division's payment authorization arrangements. As an adviser with custody, Ferguson Wellman has relevant Octavia Group accounts audited on an annual basis by an independent public accountant that is both registered with and subject to inspection by the Public Company Accounting Oversight Board (PCAOB).

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, as well as to place trades with such broker as we may select. 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, the firm has adopted written proxy voting policies and procedures designed to ensure proxies are voted in the best interests of clients. As a matter of policy, the firm will not be influenced by outside sources whose interests conflict with those of our clients.

Although accounts that transitioned from Great Northern as part of the January acquisition grant proxy voting authority to Ferguson Wellman, the firm is not currently exercising proxy voting authority for those accounts. Clients receive proxy materials directly from their custodians and are responsible for voting those proxies unless and until separate proxy voting authority is implemented.

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% 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.