



Item 1 – Cover Page

Umpqua Investments' Wrap Fee Brochure Part 2A

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This Brochure provides information about the qualifications and business practices of Umpqua Investments, Inc. ["Advisor" or "we"]. If you have any questions about the contents of this Brochure, please contact us at 503.226.7000. 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.

Advisor is a Registered Investment Advisor with the SEC. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about Advisor also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

There have been no material changes since our last annual amendment dated February 16, 2018.

Pursuant to the SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year.

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## Item 4 – Advisory Business

Umpqua Investments was established in Portland, Oregon in 1928 as a Broker / Dealer under the original name of Blankenship, Gould and Keeler. In 1999, we were acquired by Umpqua Holdings, (NASDAQ Symbol: UMPQ) and in 2009 we changed our name to Umpqua Investments, Inc. We became registered with the Securities and Exchange Commission (the “SEC”) on September 28, 2006 as a Registered Investment Adviser. Registration of an Investment Adviser with the SEC does not imply any level of skill or training.

Advisor provides comprehensive financial planning advice to individuals and businesses. This advice can include cash management, risk management (insurance planning/sales), investment planning (including investment advice, portfolio checkups, retirement planning (for employees and employers), and/or estate planning.

Advisor’s Assets under Management (“AUM”) on December 31<sup>st</sup>, 2018:

Discretionary Accounts	\$514,731,000
Non-Discretionary Accounts	<u>\$189,696,000</u>
Total AUM	\$704,427,000

### Umpqua Investments Is Registered as a Broker-Dealer and Investment Adviser.

Umpqua Investments is registered with the SEC as an investment advisor (September 28, 2006), and the Firm’s Investment Advisor Representatives are registered under applicable State law to provide investment advisory services on the Firm’s behalf.

Umpqua Investments is also registered with the SEC (January 1, 1936) and many States as a broker-dealer, and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Representatives are also registered with FINRA, and where required by applicable State law, as registered representatives of Umpqua Investments and are authorized to provide brokerage services on the Firm’s behalf.

### Differences between how wrap fee accounts are managed as compared to other accounts (e.g. commission-based brokerage accounts).

The Firm’s (and the Representatives’) legal, contractual, and regulatory obligations differ in important ways, depending on the type of account(s) the Client has with us (brokerage or investment advisory), and the products or services we provide. Investment advisory accounts and services are governed by laws and regulations which are, in many ways, different from those that govern brokerage accounts and services.

When acting as an investment advisor, Umpqua Investments is a fiduciary for its Clients. As a fiduciary, the Firm must, among other duties, act in the Clients’ best interests, place the Clients’ interests ahead of its own, and make full and fair disclosure of all material facts, particularly conflicts of interest.

When acting as a broker-dealer for non-ERISA accounts, Umpqua Investments must observe high standards of commercial honor, just and equitable principles of trade, and must have reasonable grounds for believing its recommendations are suitable for the customers, among other duties. However, our obligation to disclose to brokerage customers information about our business, conflicts of interest, compensation, and other matters is more limited than our corresponding obligations to our advisory Clients.

Clients are encouraged to contact Umpqua Investments’ Chief Compliance Officer at the address and telephone number shown in this Brochure to discuss any questions about which products or services Umpqua Investments provides in each of these capacities.

### Overview of Wrap Fee Advisory Programs

Below, we provide a summary of our wrap fee advisory programs. A wrap fee account is an account in which Umpqua Investments manages your portfolio for a quarterly fee. This fee covers all administrative, commission, and management expenses. Umpqua Investments receives a portion of this wrap fee for its advisory and other services. This wrap fee arrangement contrasts with brokerage accounts where

Umpqua Investments buys, sells, or otherwise executes securities transactions in which you may be charged a commission for each transaction. The Account may also be charged separately for expenses or services that are not covered by the wrap fee. For the wrap fee programs offered through Umpqua Investments, these additional expenses are described in the Client's Advisory Agreement.

Some Clients may notice differences between the information contained in this brochure and in their individual Advisory Agreements. Such differences may arise when, for example, changes to the Advisory Agreement were separately negotiated with the Client or were required by the Client's Financial Advisor when offering the Program to his or her Clients. Differences may also arise due to changes in our Programs or our policies, or because of intervening events. Where differences may now or later exist, Clients should be aware that the terms of their Advisory Agreement will control (which may also be amended.) Advisor will notify Clients of any pending changes to their Advisory Agreement prior to any change implementations.

Umpqua Investments makes available to its Clients the following Wrap Fee Investment Advisory Programs: Clients should be aware that the available Programs may be changed, canceled, or revised at any time.

### **Umpqua Investments, Inc. Sponsored Wrap Fee Programs**

Asset Advisor

Custom Choice

Private Investment Management (PIM) Program

Umpqua Wealth Advisory (UWA)

Umpqua Investments is the sponsor of the above referenced wrap fee programs. Additional information regarding the PIM and UWA Programs is provided below.

#### **PIM Program**

Financial Advisors of Umpqua Investments provide investment advisory services on a discretionary basis to Clients that participate in the PIM Program. Our Financial Advisors ("FA") develop portfolios based upon certain established guidelines and the Client's investment objectives and individual needs. FA may use both fundamental and quantitative research as well as other independent research. FA may develop a specific investment philosophy using the mix of these analysis methods. Quality and concentration requirements are established to provide an overall discipline and quality element to the Program. Such strategies ordinarily include long and short-term purchases of securities and, depending on the Client's objectives and the FA's investment philosophy, supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions.

A minimum initial account value of at least \$50,000 is required to establish a PIM Program Account. Clients in this Program are charged a "Program Fee" that covers advisory, execution, custodial, and reporting services. Unless agreed upon otherwise, Clients authorize Umpqua Investments (through its clearing firm, Wells Fargo Clearing Services, LLC to deduct from their Account a quarterly fee, in advance, calculated at the rate indicated in the Fee Schedule for the Program. Standard fees, which are negotiable and subject to a minimum quarterly fee of \$250, are charged for the Program.

#### **UWA**

Portfolio Managers (PMs) in the Umpqua Wealth Advisory (UWA) provide investment advisory services to clients that participate in the UWA Program on a discretionary basis. Our PMs manage client investment portfolios utilizing a variety of investment vehicle options. These investments can be actively managed funds, exchange traded funds, bonds, individual equities and/or passive investments. For active management, the PMs focus on the investment strategy and/or proven long-term results in a variety of market environments. For equity screening, the PMs prefer companies that have reliable earnings, dividends and solid balance sheets. When selecting individual equities, the PMs may evaluate stocks on a number of quantitative metrics covering valuation, profitability, and financial strength. PMs may also

apply a qualitative review which takes into consideration the strength and outlook for the company's business and the markets which it serves as well the economy.

Clients in this Program are charged a "Program Fee" that covers advisory, custodial, and reporting services.

Please see Item 5 for further information regarding our fees.

Please see Item 16 – Investment Discretion, regarding Umpqua Investments' discretion policy.

## Item 5 – Fees and Compensation

Fees are generally payable at the start of each quarter. Clients may terminate the advisory relationship at any point in time upon written notice. Fees will be prorated to the date of termination.

The standard fee schedule varies for each wrap fee program offered. Generally, the maximum wrap program fees charged by Advisor are as follows:

Asset Advisor, Custom Choice, Fund Source, PIM, Private Advisor	Fee
\$0 to \$249,999*	2.00%
\$250,000 to \$999,999	1.75%
\$1,000,000 to \$1,999,999	1.25%
\$2,000,000 to \$4,999,999	1.00%
\$5,000,000 and above	0.80%

Umpqua Wealth Advisory	Fee
\$0 to \$999,999*	1.00%
\$1,000,000 to \$4,999,999	0.80%
\$5,000,000 and above	0.60%

\*Asset and fee minimums may apply.

The specific way fees are charged by Advisor is established in a client's written agreement with Advisor. Advisor will generally bill its fees on a quarterly basis. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Umpqua Investments manages your portfolio for a quarterly fee. This fee covers all administrative, commission, and management expenses for all programs except for UWA. The UWA fee doesn't include commission costs which are charged by the custodian as a separate expense. Umpqua Investments receives a portion of this wrap fee for its advisory and other services. The Account may also be charged separately for expenses or services that are not covered by the wrap fee. For the wrap fee programs offered through Umpqua Investments, these additional expenses are described in the Client's Advisory Agreement.

The Adviser includes mutual funds and other managed products in clients' portfolios. Clients may be charged for the services by the providers/managers of these products in addition to the management fee

paid to the Adviser. The fees and expenses charged by the product providers are separate and distinct from the management fee charged by the Adviser. These fees and expenses are described in each mutual fund's or underlying annuity fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee. No-load or load mutual funds may be used in client portfolios which will determine if there is an initial or deferred sales charge which a client will pay. In some instances, portions or all of these fees may be passed on to our affiliated Broker/Dealer in the form of trailing commissions. A portion of these trailing commissions may then be paid to the investment adviser representative who is also a registered representative of the Broker/Dealer. Clients can invest in a mutual fund or variable annuity directly, without the services of the Adviser. Accordingly, the client should review both the fees charged by the funds and the applicable program fee charged by the Adviser to fully understand the total amount of fees to be paid by the client and to thereby evaluate the Advisory services being provided.

Fees for the programs described in this brochure are negotiable based upon many factors including the type and size of the account and the range of services provided by Advisor. In special circumstances, and with client consent, the fee charged to the client account may be more than the maximum fee indicated in this brochure.

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

Advisor does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Our advisory fee compensation is charged only as disclosed above.

## Item 7 – Types of Clients

Advisor provides portfolio management services to individuals, high net worth individuals, charitable institutions, foundations, endowments, small businesses, limited liability companies, trusts and corporations.

Advisor requires a minimum new advisory account opening value of \$25,000. Some advisory programs have a higher minimum.

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

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the security is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Advisor may recommend professionally managed investment products like low-cost mutual funds and exchange traded funds (ETFs). As with any investment, past performance is no guarantee of future results. But costs often do affect investment performance, so Advisor attempts to use low-cost products whenever possible, such as index funds and ETFs. Clients should always review and understand an investment's key literature such as a prospectus and annual report.

Investments can go down in value. You can lose some, much or all your invested money. Do not invest money you cannot afford to lose.

## Item 9 – Disciplinary and Other Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Advisor or the integrity of Advisor's management. Advisor has no significant information applicable to this Item regarding legal or disciplinary matters since its inception on September 28, 2006 as a Federally Registered Investment Advisor.

## Item 10 – Other Financial Industry Activities and Affiliations

Umpqua Investments is a wholly owned subsidiary of Umpqua Holdings Corporation. (NASDAQ Symbol: UMPQ) a Bank Holding Company. Umpqua Holdings is also the parent company of Umpqua Bank and as such, Umpqua Investments, Inc. is an affiliated company of Umpqua Bank. Umpqua Bank and Umpqua Investments, Inc. share revenue in certain instances. We do not believe this creates a material conflict of interest with clients.

Advisor is both a registered investment advisor and a registered broker/dealer. Advisor in its combined role as a Broker/Dealer and a Registered Investment Advisor may provide comprehensive financial planning advice to its clients as well as standard broker/dealer services for traditional brokerage accounts. This advice can include cash management, risk management (insurance planning/sales), investment planning (including investment advice, supervisory services and/or portfolio checkups), retirement planning (for employees and employers), and/or estate planning. The broker/dealer side of Advisor offers traditional services such as buying or selling, stocks, bonds and mutual funds for its clients. Typically, the broker/dealer charges commissions for the transactions executed on behalf of its clients while the investment advisor charges percentage fees on the clients' portfolio value. If you are a buy and hold investor a fee-based advisor account may not be in your best interest.

Please see Item 15 – Custody, regarding our affiliation with our clearing firm, Wells Fargo Clearing Services, LLC.

## Item 11 – Code of Ethics

Advisor adheres to the code of ethics as promulgated by the Certified Financial Planner Board of Standards. Advisor's code of ethics will be provided upon request to any client or prospective client. In brief, Advisor provides professional services with integrity, objectivity and diligence. Advisor employees maintain the knowledge and skills necessary to provide professional services in a competent manner. Advisor will be fair and reasonable in all professional relationships and disclose any conflicts of interest. Advisor protects the confidentiality of all client information. Advisor's employees act in a manner that demonstrates exemplary professional conduct.

Advisor has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons at Advisor must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisor uses the same processes and procedures in developing investment strategies (and other financial services) for clients as for its employees. Thus, employees will often invest in the same or other investment products as recommended to clients. Any potential conflicts of interest will be disclosed to clients.

Advisor anticipates that, in appropriate circumstances and consistent with clients' investment objectives, Advisor will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Advisor, its affiliates and/or clients, directly or indirectly, have a position of interest. Advisor's employees and persons associated with Advisor are required to follow Advisor's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Advisor and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Advisor's clients.

Advisor's clients or prospective clients may request a copy of the firm's Code of Ethics by emailing us at: [info@umpquainvestments.com](mailto:info@umpquainvestments.com).

## Item 12 – Brokerage Practices

Clients have the option of authorizing Umpqua Investments, Inc. to have discretionary trading authority over their accounts, meaning Advisor can place buy and sell orders without obtaining specific client consent for a particular transaction (but overall consent to this service must be given in advance by the client). Advisor will not have the authority to deposit or withdrawal money from an account without the prior written approval of the client

Soft dollar arrangements have developed as a link between the brokerage industry's supply of research and the money management industry's demand for research. Because commission dollars pay for the entire bundle of services, the practice of allocating certain of these dollars to pay for the research component has come to be called "soft dollars". Advisor does not participate in soft dollar arrangements.

Advisor does not compensate or otherwise reward non-affiliated brokers for client referrals.

## Item 13 – Review of Accounts

Reviews will be conducted with the customer at least annually, or as requested by the client. Reviews will focus on year to date portfolio performance compared to client targets and benchmarks. Reviews may be triggered at any point in time in response to a disclosure by the client of a significant change in client

circumstances (such as paying off a mortgage, retiring, changing employment, etc.). Accounts reviews are conducted by your financial advisor.

### Reports-Wells Fargo Clearing Services, LLC and Charles Schwab:

All Clients will receive from Wells Fargo Clearing Services, LLC or Charles Schwab, depending on the Custodian for the Account:

- Trade confirmations reflecting all transactions in securities; provided, however, that periodic statements of account activity may be furnished in lieu of transaction by transaction confirmations to the extent and in the manner permitted by Rule 10b-10 under the Exchange Act; and
- A statement of Account activity, holdings, fees and expenses at least quarterly.

Accounts will receive performance or other reports only as specifically provide in the Advisory Agreement.

Generally, the following Program Accounts will receive written performance (or similar) reports, usually quarterly:

- All Wrap Fee Program Accounts will receive periodic (generally quarterly) portfolio performance reports of the Account which will include a review and evaluation of the Account's portfolio considering the Account's investment goals and objectives. Each performance report will include a reminder to the Client to contact Advisor if there are any changes in the Suitability Information and will also disclose a method by which the Client may make such contact.

## Item 14 – Client Referrals and Other Compensation

Advisor is affiliated with Umpqua Bank as both entities are subsidiaries of Umpqua Holdings Corporation, a publicly traded company under the NASDAQ stock symbol UMPQ. Advisor may pay Umpqua Bank a portion of fees under certain circumstances. The fees are not charged to Advisor's customers nor are transaction costs or portfolio fees increased to cover the costs of Advisor's fees paid to Umpqua Bank for certain referrals to Umpqua Private Bank.

With the above affiliation in mind, it is important to understand that Advisor is not a bank. The securities, managed investments and insurance products offered by Advisor are: • **NOT** FDIC INSURED • **NOT** INSURED BY ANY FEDERAL GOVERNMENT AGENCY • **NOT** BANK GUARANTEED • **NOT** A DEPOSIT OF THE BANK • and **MAY** GO DOWN IN VALUE.

## Item 15 – Custody

Advisor does not take custody of customer funds or securities; depending on the wrap-fee program selected, customer funds or securities are held at one of our two custodians, Wells Fargo Clearing Services, LLC, or Charles Schwab & Co., Inc. (Schwab). Wells Fargo Clearing Services, LLC and Schwab provide clearing, custodial, execution and settlement services for our client's brokerage/advisor accounts. They also provide Advisor's and PM's workstation technology systems, and many of our investment products. Although we facilitate, accept, enter, and advise on orders, all transactions are sent to Wells Fargo Clearing Services, LLC or Schwab, which executes, clears, and settles our trades. Wells Fargo Clearing Services, LLC or Schwab also maintain our customer's accounts, issues monthly statements, and delivers funds and securities.

Clients should carefully review the account statements they receive from our clearing firm(s) and any other custodial statement sent to them.

## Item 16 – Investment Discretion

Advisor may receive discretionary trading authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular account. We are granted a limited power of attorney and are limited by our standard agreement 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

We may vote proxies for securities managed by the UWA program. 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 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 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. More 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.

## Item 18 – Financial Information

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