Ferguson Wellman Capital Management and West Bearing Investments

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January 1, 2015

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@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

All sections of the brochure relate to Ferguson Wellman and West Bearing entities 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

Pursuant to 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 fiscal year.

Ferguson Wellman has a relationship in which an advisor acts as a co-trustee, which inadvertently causes Ferguson Wellman to have custody of assets of this relationship according to the SEC's "custody rule." Ferguson Wellman holds itself out only to have custody due to direct debiting of management fees from accounts and has taken action to remove the advisor from the co-trustee relationship. Ferguson Wellman will not consider a trustee or co-trustee role for any client account. As of March 16, 2015, the current co-trustee relationship has been terminated.

Item 3: Table of Contents

Item 4: Advisory Business

Description of Advisory Services

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

West Bearing Investments, a division of Ferguson Wellman, was established in 2013. This division also provides 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 portfolios from $750,000 in separately managed accounts.

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
Mark J. Kralj, Principal
Dean M. Dordevic, Principal
Marc F. Fovinci, CFA, Principal

Assets Under Management

As of December 31, 2014, **discretionary** AUM for Ferguson Wellman: **$4,138,465,504**.

As of December 31, 2014, **discretionary** AUM for West Bearing

Investments was **$73,483,438.**

Ferguson Wellman generally does not manage accounts on a non-discretionary basis but may make exceptions for existing client relationships.

West Bearing Investments does not manage accounts on a non-discretionary basis.

Discretionary Management

Authority is granted Ferguson Wellman through our advisory contracts for discretionary account management. We are granted authorization to make determinations regarding securities and security quantities to be bought and sold for our clients. Of course, discretion is subject to client guidelines relative to the client portfolio, as a client's guidelines may limit the scope of prospective investments as a result of restrictions placed on certain securities.

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 the majority 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. Lower fees may be negotiated when a portfolio exceeds $50,000,000. The standard equity and balanced fee schedule applies to Schwab Advisor Network clients with a minimum annual fee of $20,000 applicable for their account(s). Annual and semi-annual fees may be charged when requested. Each party to the adviser 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:

.85% on the first $5,000,000
.70% on the next $5,000,000
.50% on the next $40,000,000

Fixed Income Only:

.45% on the first $10,000,000
.35% on the next $10,000,000
.25% on the next $30,000,000

West Bearing Investments:

1.00% on the first $2,000,000

.85% above $2,000,000

Ferguson Wellman may charge a fee on client assets that are invested in mutual funds if the mutual fund assets are part of the agreed upon overall investment strategy. This may subject these assets to management fees as well as to mutual fund fees.

Fee Payment Options

As indicated in our advisory agreement with you, there are two options you may select 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 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 have custody of client assets; therefore, clients will have to appoint a custodian and may 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). The following list of fees or expenses includes 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
- SEC fees
- Advisory fees and administrative fees charged by Mutual Funds (MFs), 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 sale of securities or investments that are purchased or sold for your account. As a result, we are a "fee only" investment adviser.

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:

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

Ferguson Wellman minimum account size:	$3,000,000
West Bearing minimum account size:	$750,000

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, Chief Investment Officer and Principal; Marc F. Fovinci, CFA, Fixed Income Lead and Principal; and Ralph W. Cole, CFA and Executive Vice President (see Education and Business Background). Our IPC uses input from four criteria: valuation, macro-economic indicators, trends/momentum, and analyst input in order to formulate our asset allocation and sector models. IPC meets at least monthly as well as quarterly with the entire investment team in order to review all of 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 many asset classes, including large-cap domestic equities, international equities (developed and emerging markets), real estate investment trusts (*REIT*s) and several fixed income strategies. Depending on the risk and reward preferences of a client, their portfolio may be balanced with the diversification of several investment strategies. If appropriate for a client, we may also utilize outsourced strategies such as: small-cap equity, 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 offerings 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 for clients. By employing our proprietary investment strategies, we are able to structure customized, tax-efficient portfolios to meet unique risk tolerance and return objectives of our clients (see the following description of each strategy).

Large-Cap Core Equity

Our *Large-Cap Core Equity* strategy is managed through model portfolios constructed by our equity team, which comprises our portfolio managers, analysts (see Education and Business Background) and traders. The entire equity team meets throughout the week at prescribed daily times and on an as-needed basis. To the extent that individual account circumstances permit, the equity portions of all firm accounts are managed in accordance with the appropriate model portfolio.

Portfolios for this strategy are highly diversified through ownership of 50 to 75 individual securities distributed across all sectors of the S&P 500 index. Portfolio construction begins from the top-down as we assess the macroeconomic environment and establish sector target allocations that are in +/- 4 percent of the respective S&P sector weighting. For security election, we employ a 16-factor quantitative model that screens all U.S. stocks with market capitalizations above $1.5 billion. Each company is ranked within its 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). We factor in earnings estimate revisions as well, which are an analyst's estimate for a company's future price to earnings growth. The combination of these variables produces a total quintile ranking that serves as the foundation of Ferguson Wellman's preliminary screening. Bottom-up research is used to de-emphasize the significance of economic trends and market cycles on a stock. Top-down research allows us to consider the "big picture" in the global capital markets with an emphasis on the geography, industry sector and size of an organization. Final purchase and sale decisions are made after thorough bottom-up and top-down research is conducted using information gleaned from company reports, economic data and Wall Street research reports.

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. Our *Dividend Value* strategy consists of dividend-yielding common equities, real estate investment trusts. It may also hold 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 yield and dividend-growth history, return on equity, forward price/earnings and cash flow growth.

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 Depository 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.

Fixed Income

Our *Fixed Income* strategies vary based on client goals utilizing government and corporate bonds. Long-term bonds are used for stability and growth while shorter-term bonds will assist with cash management needs for our clients. These strategies provide returns in the form of fixed periodic payments with the eventual return of principal at maturity of corporate and government bond instruments.

The fixed income team also meets formally to discuss yield curve analysis, duration shifts and sector weightings for analysis of firm-wide fixed income securities. This team of fixed income managers (see Education and Business Background) work in a disciplined manner to examine macroeconomic policy, economic statistics and trends, investor cash levels and market psychology that results in an interest rate forecast to guide the structure of portfolios within the fixed strategies. We seek to maximize total return through active duration management (interest rate anticipation) and sector selection. Portfolios are well diversified by both sector and issuer, with particular emphasis placed on generating the highest level of current income that is consistent with preservation of principal.

Real Estate Investment Trusts

Real Estate Investment Trusts (*REITs*) securities function similarly to mutual funds in that they consist of multiple real estate investments and are traditionally high-yielding stocks with strong dividend payouts. We are able to add this strategy to our equity and balanced portfolios to increase cash flow and provides some diversification among holdings. The *REIT* selection process includes both top-down and bottom-up elements. We also utilize a proprietary screening mechanism to identify securities in each industry group.

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 work hard 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 advisers are required to disclose any disciplinary event that would be material to you when evaluating a client/adviser 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

As required, we have adopted a code of ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This 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 to.

Our code is distributed to each employee at the time of hire and includes the following:

- 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, non-public information)
    - The acceptance of gifts and entertainment that exceed our policy standards
- 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. 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 look at many things when we select brokers and dealers. We 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. Instead, we will focus on obtaining "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 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 the best price and execution is paramount in placing transactions for our clients and 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.” 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 execution and research, many factors are utilized when selecting brokers including:

- Quality of research services
- Services provided (market impact, execution venues)
- Commission rates
- Trade execution
- Ability to settle trades in a straightforward, unproblematic manner
- Size and experience of the staff providing information;
- Accessibility
- Timeliness of recommendations
- Forecasting success
- 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.

Wrap-Fee Programs

Wrap-fee programs are arrangements between broker-dealers, investment advisors, banks and other financial institutions whereby firms will incorporate fees as a bundled rate. These fees may include broker fees, account fees, commissions and management fees into one flat fee. Ferguson Wellman and West Bearing periodically accepts these arrangements with national brokerage firms. Total fee levels are set by the account representative of the originating brokerage firm. Fees charged by us 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 our ability to obtain best execution when trading because accounts cannot trade outside of wrap fee sponsor's brokerage firm.

Directed Brokerage

Brokers are selected to effect 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 you have no obligation to execute trades through our recommended brokers. However, if you designate a particular broker-dealer, you may not get the advantage of 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. However, 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.

Adviser-Directed Brokerage

We may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. to maintain custody of clients' assets and to effect 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 and research. Schwab also provides 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. Therefore, 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 us but may not benefit its clients' accounts. Some of these other products and services assist us in managing and administering clients' 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 generally may be 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 allows 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. However, sell orders driven by overdrafts are executed immediately.

Aggregation and Block Trading Procedures

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable and efficient manner and seeks to reduce overall commission charges to clients. We do 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 pro-rata basis. In the event transactions for an adviser, its employees or principals ("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 adviser, 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 unless extenuating circumstances exist, and a trade needs to occur.

The following procedures have been established to document the transactions:

- Ferguson Wellman will provide clients with a disclosure regarding each principal transaction including information about adviser'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 scarce markets, it may be beneficial for Ferguson Wellman to cross securities in client accounts ("swap out" a bond or other fixed income product from one client to another). In order for the transaction to occur, we must establish a fair and equitable price. To obtain a fair price for both, the buyer and seller of the security, three bids and three offers will be acquired. 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.

Additionally, Ferguson Wellman may also utilize Charles Schwab to aid in this 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 get their trades approved prior to executing them in their accounts. In addition, Ferguson Wellman may have interests or positions in the same securities that are recommended to clients.

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 custodian's 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 at the end of the trading day for review.

Allocation Guidelines - A general review of asset allocations occurs monthly. Compliance generates monthly reports on all accounts to confirm that they are consistent with portfolio guidelines and in-line with client standards.

Ferguson Wellman Portfolios - Each 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 handles 40-to-50 client relationships.

West Bearing Portfolios - Each portfolio manager is responsible for the review of client accounts assigned to them. West Bearing managers will, on average, handle 100-to-150 client relationships

Ferguson Wellman Account Reporting: Reporting of accounts for all our Ferguson Wellman client accounts is prepared on a quarterly basis where a detailed computer generated report package is mailed or electronically sent to each client. In general, meetings with clients are held quarterly or less frequently at the desire of each client. Formal portfolio reports can be mailed, downloaded to the web or presented in person to a client.

West Bearing Account Reporting: Reporting of accounts for all our West Bearing client accounts is prepared on a quarterly basis where a detailed computer-generated report package is electronically sent to each client. In general, meetings with West Bearing clients will be held at a minimum of one each year. Formal portfolio reports will be downloaded to the web for clients.

The standard report package contains extensive information including:

- Portfolio appraisal consisting of cost basis and current market values for all positions

- Portfolio performance (current and year-to-date)
- Historical performance on accounts from inception
- Asset allocation for current and previous quarters
- Equity characteristics including largest holdings and equity investment outlook (if applicable)
- Fixed income characteristics including bond durations, yields, maturity, coupons and fixed investment outlook (if applicable)
- 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 the brokerage firm, Charles Schwab and with Financial Telesis, whereby these firms may refer clients to Ferguson Wellman and West Bearing for investment advisory services. When a client is referred to us, we will compensate referring broker for making such referrals by sharing a portion of advisory fees it receives from the client referral. We also have a business alliance with Umpqua Investments whereby Ferguson Wellman agrees to pay Umpqua Private Bank (referring firm) a percentage of the advisory fees received from the client referral.

Schwab Advisor Network

Ferguson Wellman receives client referrals from Charles Schwab & Co., Inc. through our participation in 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 the service may raise potential conflicts of interest for Ferguson Wellman as described. Ferguson Wellman pays 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 is a percentage of the fees the client owes to Ferguson Wellman or a percentage of the value of the assets in the client's account, subject to a minimum participation fee. Ferguson Wellman pays Schwab the participation fee for as long as the referred client's account remains in custody at Schwab. The participation fee is billed to Ferguson Wellman quarterly and may be increased, decreased or waived by Schwab from time to time. This participation fee is paid by Ferguson Wellman and not by the client.

Ferguson Wellman 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. It is higher than the participation fees Ferguson Wellman 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 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 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 West Bearing's minimum account size of $750,000 and Ferguson Wellman's minimum account size of $3 million. 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 for this service to Ferguson Wellman or West Bearing.

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

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. We have one client relationship where an advisor also acts as co-trustee.

While we do send out quarterly account statements, we urge our clients to compare the account statement they receive from their qualified custodian with the account statements that we may provide. Our statements may however, 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 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

Although we may be authorized to vote client proxies as described above, we do not file class action lawsuits on behalf of clients. We have hired Battea, a firm that processes 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 claim filed are sent to Battea, who in turn sends the settlements directly to client custodians. At that point, we determine the allocation of the settlement funds between our clients and forward those funds directly to clients' custodians for deposit into their accounts.

Item 18: Financial Information

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

Part 2B of Form ADV: Brochure Supplement
Education and Business Background

This supplement to the firm brochure provides information about the professionals of Ferguson Wellman Capital Management and West Bearing Investments, a division of Ferguson Wellman. Please contact us at (503)226-1444 if you did not receive the firm brochure or if you have any questions about the contents of this supplement. Additional information about Ferguson Wellman Capital Management and West Bearing Investments is available on the SEC's website at www.adviserinfo.gov.

Ferguson Wellman and West Bearing have established standards of education and business experience requirements for portfolio managers, analysts and all persons providing investment advice to clients. Such background includes completion of four years of college and a degree from an accredited institution. None of our managers has any disciplinary history.

Investment decisions for clients are made by the portfolio managers and analysts of our firm. Listed below you will find the education and business background of all those individuals who provide investment advice to clients. Qualifications for professional designations are included following the background information.

Nathan M. Ayotte, executive vice president, born in 1973, earned his B.S. in psychology in 1995 from the University of Oregon, earned his CFP® designation in 2010. Employed with Ferguson Wellman since 2008; previously employed at Scottrade.

Timothy D. Carkin, senior vice president, born in 1980, earned his B.A. in business and finance in 2002 from Portland State University, earned his CAIA designation in December 2009 and CMT designation in March 2011. Employed with Ferguson Wellman since 2003; previously employed at Wells Fargo Bank.

Scott W. Christianson, CFP®, vice president, born in 1985, earned his B.S. in business administration in 2008 from Oregon State University, earned his CFP® designation in 2013. Employed with Ferguson Wellman since 2008; previously employed at Financial Stewardship Resources.

James A. Coats,executive vice president, born in 1970, earned his B.A. in communications in 1993 from Oregon State University, earned his Master of International Affairs in 2001 from Columbia University. Employed with Ferguson Wellman since 2006; previously employed at R.V. Kuhns & Associates, Inc.

Ralph W. Cole, IV, executive vice president of research, born in 1967, earned his B.S. in finance and marketing in 1989 from the University of Oregon, earned his M.B.A. from University of Southern California in 1998, and CFA designation in 1997. Employed with Ferguson Wellman since 1998; previously employed at Payden & Rygel.

Dean M. Dordevic, principal, born in 1958, earned his B.A. in business administration and finance in 1981 from Trinity University. Employed by Ferguson Wellman since 1994; previously employed at Kidder Peabody Asset Management.

Lori B. Flexer, executive vice president, born in 1958, earned her B.S. in business and art history in 1979 from the University of Puget Sound, earned her CFA designation in 2000. Employed with Ferguson Wellman since 1998; previously employed at Standard Insurance Company.

Marc F. Fovinci, principal, born in 1959, earned his B.S. in mechanical engineering in 1981 from Stanford University, earned his M.B.A. from University of Washington in 1983 and CFA designation in 1987. Employed by Ferguson Wellman since 1991; previously employed at The Washington State Investment Board.

Joshua D. Frankel, senior vice president, born in 1978, earned his B.S. in journalism in 2000 from the University of Oregon and earned his M.B.A. from University of Oregon in 2006, and completed his CRPC® designation in 2011 and his CFP® designation in 2014. Employed by Ferguson Wellman since 2013; previously employed at Merrill Lynch.

Steven J. Holwerda, chief operating officer and principal, born in 1962, earned his B.S. in economics in 1984 from the South Dakota State University, earned his M.B.A. from the University of Oregon in 1991, and CFA designation in 1994. Employed by Ferguson Wellman since 1989; previously employed at University of Oregon.

George W. Hosfield, chief investment officer and principal, born in 1957, earned his B.S. in management in 1979 from the University of Oregon, earned his M.B.A. from the University of Oregon, in 1983, and CFA designation in 1990. Employed by Ferguson Wellman since 1991; previously employed at Qualivest Capital Management.

Brad H. Houle, executive vice president, born in 1969, earned his B.S. in business finance in 1991 from University of Montana, earned his M.B.A. from University of Oregon in 1995 and CFA designation in 1999. Employed by Ferguson Wellman since 2013; previously employed at Davidson Investment Advisors.

Mark J. Kralj, principal, born in 1955, earned his B.A. in business in 1977 from Oregon State University after also attending Mt. Hood Community College. Employed by Ferguson Wellman since 1989; previously employed at First Interstate Bank of Oregon.

Deidra M. Krys-Rusoff, fixed income portfolio manager, born in 1967, earned her B.A. in zoology in 1989 from the College of Idaho. Employed with Ferguson Wellman since 2004; previously employed with U.S. Bancorp/First American Asset Management.

Helena B. Lankton, executive vice president, born in 1950, earned her B.A. in economics in 1972 from Stanford University. Employed with Ferguson Wellman since 2005; previously employed at Badgley, Phelps & Bell.

Shawn M. Narancich, executive vice president of research, born in 1972, earned his B.S. in accounting and business administration in 1995 from College of Great Falls, earned his CFA designation in 2000. Employed by Ferguson Wellman since 2008; previously employed at Chittenden Bank.

Jason D. Norris, executive vice president of research, born in 1972, earned his B.B.A. in economics in 1994 from Boise State University, earned his M.B.A. from University of Notre Dame in 1998, and CFA designation in 2002. Employed by Ferguson Wellman since 2001; previously employed at Morgan Stanley Investment Management.

Donald L. Rainer, executive vice president, born in 1964, earned his B.S. in communication in 1989 from the University of Oregon. Employed by Ferguson Wellman since 1998; previously employed at Schwab Institutional.

James H. Rudd, chief executive officer and principal, born in 1948, earned his B.A. in business and education in 1970 from the University of Northern Iowa. Employed by Ferguson Wellman since 1983; previously employed at Oregon State University.

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.

There are currently more than 90,000 CFA charterholders working in 134 countries. 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.

Chartered Retirement Planning Counselor (CRPC)

The Chartered Retirement Planning Counselor (CRPC) is a professional designation awarded by the College for Financial Planning to individuals who complete a study program and pass a final multiple-choice examination.

The CRPC program is developed with a focus on client-centered problem solving. The study program covers the entire retirement planning process, including meeting multiple financial objectives, sources of retirement income, personal savings, employer-sponsored retirement plans, income taxes, retirement cash flow, asset management and estate planning.