

# STONEBRIDGE ADVISORS LLC CLIENT RELATIONSHIP SUMMARY

March 2025

## INTRODUCTION

Stonebridge Advisors LLC ("Stonebridge," "we," "us," "our," or the "firm") is registered with the U.S. Securities and Exchange Commission ("SEC") as an investment adviser. Brokerage and investment advisory services and fees differ and it is important that retail clients understand the differences. Free and simple tools are available for you to research firms and financial professionals at [Investor.gov/CRS](https://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

## WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

We offer discretionary portfolio management services to retail investors through Separately Managed Accounts (SMAs) which are managed through unaffiliated wrap-fee program providers. For retail clients, Stonebridge specializes in selecting and managing SMA portfolios of preferred, hybrid and other fixed income securities. We manage to our own internal models only. "Discretionary" management means that we alone select securities for your portfolio. We accept reasonable restrictions from you on types of securities (e.g. no tobacco) that we may purchase for your portfolio. In our portfolio management services, we will regularly monitor your investment accounts over which you provide us with such authority and provide advice.

Stonebridge generally requires a minimum of \$250,000 of assets to open a SMA. Certain wrap-platform providers allow clients to open Stonebridge-managed accounts with different minimums.

Your primary point of contact is your Financial Advisor (FA), and your secondary point of contact is your wrap fee platform sponsor. Your FA does not work for Stonebridge, and is not affiliated with us. FAs generally work for wrap fee platform providers, or are independent. Your FA monitors your overall investment portfolio and makes asset class investment allocation recommendations to you, including the recommendation to invest in Stonebridge's strategies. However, assets invested with Stonebridge are entirely under Stonebridge's discretionary management, and managed to our internal models determined solely by Stonebridge without input from FAs.

We are also the investment adviser, subadvisor or model portfolio provider to a variety of other products including:

- (i) First Trust (FT)-sponsored preferred security-focused investment vehicles; and
- (ii) Unified Management Accounts (UMAs) offered by broker-dealer sponsored wrap-fee programs.

**For additional information**, please see Items 4 and 7 of Stonebridge's [Form ADV, Part 2A](#) brochure ([www.adviserinfo.sec.gov/firm/summary/134017](http://www.adviserinfo.sec.gov/firm/summary/134017)) as well as your investment advisory contract with your FA.

### Conversation Starters:

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

## WHAT FEES WILL I PAY?

Stonebridge typically charges a quarterly management fee, payable in arrears, based on assets under management on the last day of each quarter. The fee is paid either by the wrap fee platform or directly by the retail client, depending on the contractual arrangement.

Your wrap-fee platform provider will deduct the wrap fee from your account based on your contract with them. Information regarding platform fees and policies are available from your FA.

The more assets there are in your account, the more we will earn in management fees, therefore we have an incentive to encourage your FA to have you increase the allocation of your assets to Stonebridge-managed products.

Depending on your agreement with your wrap-fee platform provider, some fees, like our management fee, may be bundled or, you may incur separate fees and costs related to the investments in your account. These additional fees may include custodian fees, account maintenance fees, transaction costs, surrender charges, wire transfer and electronic fund fees,

internal management fees of mutual funds and variable annuities, and other product-related fees such as redemption fees and mark-ups.

The wrap-fee generally includes trading commissions for those trades done through the wrap-fee platform provider's platform. Stonebridge generally executes trades for SMA clients each client's wrap-fee provider platform. However, if a trade cannot reasonably be executed on the wrap-fee provider's platform due to inability for best price execution, liquidity and/or other factors, then Stonebridge will execute the trade using a "step-out" or "trade-away" transaction with another broker-dealer. Step-out/trade-away transactions with broker-dealers generally do not result in the charge of sales commissions to SMA clients' accounts, as the security classes in which Stonebridge invests are traded on a negotiated price basis that include any broker mark-ups in the price, without added trading commissions.

***You will pay fees and costs whether or not you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.***

***For additional information***, please see Item 5 – Fees and Compensation in Stonebridge's [Form ADV, Part 2A](#) brochure ([www.adviserinfo.sec.gov/firm/summary/134017](http://www.adviserinfo.sec.gov/firm/summary/134017)) as well as your investment advisory contract with your FA for further details about our fees for investment advisory services.

***Conversation Starter:*** • *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

**WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they affect the recommendations we provide you. Here are some examples to help you understand what this means.

We make our money from a single fee based on the assets under management in each account we manage. The fees paid to us by some wrap-fee program providers are slightly higher than those we receive from others, which may give us an incentive to allocate trades to accounts that pay higher fees.

We are affiliated with the First Trust family of companies; First Trust Capital Partners, LLC owns 51% of Stonebridge. First Trust Portfolios (FTP), a related entity, has an arrangement with Stonebridge pursuant to which FTP assists Stonebridge in establishing relationships with platform providers and in establishing relationships through platform programs with customers/accounts identified by the individual brokers or representatives of platform providers. In consideration of these referral activities, Stonebridge has agreed to pay to FTP a percentage of the investment management fees. Our firm management is independent of First Trust, but Stonebridge is overseen by a board of directors composed of First Trust and Stonebridge personnel.

We may invest a retail investor's SMA portfolio in exchange-traded funds (ETFs) and closed-end funds (CEFs) that are either primarily invested in preferred securities or in cash equivalents (such as ETFs that invest in short-term treasuries), including the First Trust Preferred Securities and Income ETF (FPE) which is managed by Stonebridge. Under normal circumstances, no more than 5% of the portfolio will be invested in any ETF or CEF, and no more than 8% of the portfolio both ETFs and CEF combined. Portfolios that are invested in ETFs and CEFs will incur management fees charged by the managers of the ETFs/CEFs that are distinct from, and in addition to the investment management fees charge for Stonebridge's SMA services. Where a SMA portfolio is invested in an ETF or CEF sub-advised by Stonebridge, a portion of the management fees payable to the fund's manager are shared with Stonebridge, as disclosed in each fund's prospectus. This results in additional compensation to Stonebridge. Stonebridge mitigates this conflict by limiting such investments to certain specific circumstances and specific time periods.

***For additional information***, please see Items 11, 12 and 14 of our [Form ADV, Part 2A](#) ([www.adviserinfo.sec.gov/firm/summary/134017](http://www.adviserinfo.sec.gov/firm/summary/134017)).

***Conversation Starter:*** • *How might your conflicts of interest affect me, and how will you address them?*

### **HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

Stonebridge employees, whether portfolio managers, operations, research or legal/compliance, are all compensated in the same way. Each receives a base salary, is eligible for mid-year and year-end bonuses, and receives non-cash compensation in the form of an employee benefits package. Bonuses are based on a number of factors, not solely on profitability of the firm. In addition to selling investment advice to retail clients, we sell investment advice to wrap-fee programs, investment companies, pensions and profit-sharing plans, charitable organizations, insurance companies, corporations and other business entities, endowments and others. We do not charge any sales commissions. Stonebridge does not incentivize individual competition within the firm. Rather, contribution to the firm's operations and performance as a whole is emphasized.

### **DO YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

Yes. Stonebridge has one financial professional who has a legal or disciplinary history. Visit the [Investor.gov](http://Investor.gov) website for a free and simple search tool to research us and our financial professionals.

***Conversation Starter:*** • **As a financial professional, do you have any disciplinary history? For what type of conduct?**

### **ADDITIONAL INFORMATION**

For additional information about our services and to obtain a copy of our Form CRS, please contact your FA.

Alternatively, you may call Stonebridge at (203) 762-0004. For biographical information about Stonebridge's financial professionals, please see our [website \(www.stonebridgeft.com\)](http://www.stonebridgeft.com). You may find additional information about our firm on the SEC's [website \(www.adviserinfo.sec.gov/firm/summary/134017\)](http://www.adviserinfo.sec.gov/firm/summary/134017).

***Conversation Starters:***

- *Who is my primary contact person?*
- *Is he or she a representative of an investment-adviser?*
- *Who can I talk to if I have concerns about how this person is treating me?*