



## CapTrust Advisors, LLC Part 2A of Form ADV The Brochure

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Updated: March 2012

This brochure provides information about the qualifications and business practices of CapTrust Advisors, LLC ("CapTrust" or "We"). If you have any questions about the contents of this brochure, please contact us at 813-218-5000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

## Material Changes

The following material changes have been incorporated into this brochure since it was previously filed in March 2011:

- CapTrust has added disclosures throughout this brochure to address discretionary advisory services the Company began offering since the Company's last filing. Please see the *Advisory Business*, *Brokerage Practices*, and *Investment Discretion* sections for disclosures addressing CapTrust's discretionary advisory services offering.
- CapTrust removed certain disclosures in the *Client Referrals and Other Compensation* section since a referral arrangement disclosed in the last filing has been terminated.

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## Advisory Business

CapTrust has been in business as a registered investment advisor since 2007. CapTrust services are implemented on a consulting basis, and may be tailored to the individual needs of Clients. Our approach includes the use of separately managed accounts, mutual funds, private commingled funds & trusts, and other investment products and securities. Our services are provided on an a la carte or a full retainer basis and are highly tailored to meet the Client's investment objectives and needs. Account supervision is guided by the stated objectives of the Client (i.e., capital appreciation, growth, etc.), and all managed accounts will be maintained with an independent custodian. Below is a summary of CapTrust's services.

### Institutional Consulting Services (Ongoing)

Through institutional consulting services, Investment Consultants provide highly tailored services to select Clients needing customized consulting services. This service offering may be used to aggregate Client accounts for consulting and billing purposes. These services include one or more of the following:

**A. Investment Policy Statement:**

CapTrust will assist the Client in preparing an Investment Policy Statement (“Statement”) reflecting the Client’s investment objectives, policies and constraints and risk tolerance. No assurance has been or can be given to the Client that the Client will achieve the investment objectives reflected in the Statement.

**B. Asset Allocation Review:**

CapTrust will provide an Asset Allocation Review designed to identify one or more optimal investment portfolios for the Client in terms of risk and return. This review will be based on certain information requested by CapTrust and provided by the Client. The Client shall be solely responsible for determining whether the information taken into account in formulating an Asset Allocation Review is accurate.

**C. Investment Manager Search Report/Interviews:**

CapTrust will provide an Investment Manager Search Report to the Client. This report will provide the Client with a list of, at minimum two (2), investment managers whose investment philosophies and policies are compatible with the Client’s Investment Policy Statement and/or the Client. The decision to retain any particular investment manager rests with the Client. CapTrust will not assume responsibility for the Client’s selection of an investment manager, the manager’s investment decisions, performance, compliance with applicable laws or regulations, or for other matters within the manager’s control.

**D. Manager Due Diligence:**

CapTrust will monitor investment managers to ensure policy compliance within established guidelines; analysis of portfolio style characteristics, performance, and investment process and philosophy may additionally be offered. CapTrust will not be held liable for misinformation provided to CapTrust.

**E. Mutual Fund Search and Selection:**

CapTrust will provide a Mutual Fund Search Report designed to provide the Client with a list of Mutual Funds whose investment philosophies and policies are compatible with the Client’s investment objectives, policies and constraints and risk tolerance, as specified by the Investment Policy Statement and/or the Client. The decision to invest in any particular Mutual Fund rests with the Client. CapTrust does not assume responsibility for the Client’s decision to invest in any particular Mutual Fund or the Mutual Fund’s investment decisions, performance, compliance with applicable laws or regulations, or other matters within the control of the Mutual Fund.

**F. Past Performance Review:**

CapTrust will provide a Past Performance Review evaluating the historical performance of the Client’s portfolio for a mutually agreed upon time period and comparing various aspects of such performance to mutually agreed upon benchmarks. Account data will be derived from custodian statements for the agreed upon time period, and CapTrust will not be responsible for verification of the information supplied by the custodian.

**G. Performance Monitoring Reports:**

CapTrust will periodically provide Performance Monitoring Reports evaluating the historical performance of the Client’s portfolio over various time periods as well as comparing various aspects of such performance to mutually agreed-upon benchmarks. Account data will be derived from custodian statements for each period, and CapTrust will not be responsible for verification of the information supplied by the custodian.

**H. Other:**

Other services provided to the Client by CapTrust will be assessed on an individual basis. These services would include special, one-time or ongoing services that are more complex and unique than those listed above. Prior to delivery of the services, appropriate supervisors will approve such services.

Retirement Plan Services

CapTrust retirement plan services include some or all of the services listed under the Institutional Consulting Services menu and these specific services related to retirement plans:

**A. Retirement Plan Provider Search and Selection:**

CapTrust conducts formal Request for Proposal (“RFP”) services to assist plan sponsors in need of a record-keeper and plan provider. CapTrust facilitates all aspects of the solicitations to bid, RFP review process, comparison of fees, plan investments and overall services, interview process and final selection. CapTrust provides these services as analysis and presentation tools. The ultimate decision to select a provider rests with the plan sponsor. CapTrust does not operate in a discretionary capacity.

**B. Retirement Plan Benchmarking:**

CapTrust provides a retirement plan benchmarking service designed to be a review of the current plan provider compared to industry standards and other similar providers.

**C. Fee Analysis:**

CapTrust provides a plan fee analysis service that looks in-depth at all plan expenses and fees charged to participants on behalf of the plan. This fee analysis also looks at revenue sharing and other contractual relationships regarding the fees in the plan.

**D. Additional Services for Employee Benefit Plans:**

CapTrust will provide additional consulting services for retirement plans including participant education services, historical plan reviews, custom retirement plan analysis, and due diligence services. Fees will be quoted on a custom and project basis for these services.

Additional Information

Third-party investment managers recommended to Clients will have full investment discretion, and trading authority, and shall have sole responsibility for the implementation of the investment program with respect to the Client’s account for which investment discretion has been delegated by the Client and accepted by the investment managers. CapTrust will not place orders for transactions in the Client’s account or otherwise exercise trading authority over the account at any time when the account is being managed by an investment manager.

Client investment objectives are identified by assessing the Client's risk tolerance based, among other things, upon their age, income, education, need for cash flows, investment goals, investment policy statement, and/or emotional tolerance for volatility. The information provided by the Client will be collected during Client meetings, interviews, and/or through questionnaires. Strategies are developed and implemented through an optimal combination of mutual funds or third-party managed separate accounts. Clients may impose restrictions on investing in certain securities or types of securities.

In the event third-party investment managers are utilized, CapTrust will recommend one or more third-party investment managers with varying styles and, in turn, recommend to Clients a particular investment

manager based on the Client's individual needs and objectives. Typically, CapTrust will not have the discretion to hire or fire the investment manager selected by the Client, but will act as an intermediary and assist the Client with completing the required documentation to retain the manager. Thereafter, CapTrust will monitor the performance of the third-party investment manager and may recommend the re-allocation of Client assets among other managers. CapTrust may act as a Section 3(38) manager for ERISA Clients.

CapTrust does not “manage” client assets, we provide investment consulting with respect to client assets. However, CapTrust has the ability to provide investment consulting services on a discretionary basis. The services may parallel those described above; however, CapTrust would have the ability to hire/fire investment managers, adjust asset allocation and rebalance portfolios, within the ranges specified by a Client’s Investment Policy Statement, without prior approval from the Client. Third-party investment managers would still retain the discretion of individual security selection. As of the filing of this brochure, CapTrust has not provided services to Clients on a discretionary basis.

The CapTrust organization has been in business since August of 1998. CapTrust has been registered as an investment adviser with the SEC since March 12, 2007. CapTrust is 100% owned by active investment consultants (nine equity partners and three managing principals) and is managed by three Managing Principals: Roger Robson, Eric Bailey and Stephen Schott. Mr. Robson is a principal owner of CapTrust.

## **Fees and Compensation**

For investment consulting and other advisory services, compensation is derived as fee income based upon the percentage of assets under advisement ranging up to .90% subject to a minimum annual fee of \$10,000. The compensation method is explained and agreed with Clients in advance before any services are rendered. The amount of the fee is negotiated on a case-by-case basis with the Client, and is determined by a number of factors including, among other things, the size and type of the account, the relative complexity of servicing the account, and the level of complexity. In lieu of the asset-based advisory fee, Clients have the alternative option of obtaining CapTrust’s service on an a la carte basis for a fixed fee depending on the service requested.

Generally fees for Clients are billed quarterly, in advance or arrears, depending on a Client’s written consulting arrangement, as one-fourth of the annual rate based on a percentage of the Client's assets under advisement on the last business day of the preceding calendar quarter. Among other things, market fluctuations, contributions and/or withdrawals may have an effect on the advisory fee. Fees will generally be deducted directly from the Client's custodial account pursuant to a written agreement. Some Clients are billed, and will pay fees via a check or wire. Clients may select either method. Investment advisory services begin with the effective date of the Agreement, which is the date the Client signs the Agreement. For the first calendar quarter, fees will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement was effective.

CapTrust does not allow Clients to pay consulting fees using brokerage commissions. Certain Clients of CapTrust engage in a commission recapture program or rebate program. In these cases, it is CapTrust’s policy to rebate commissions over a number of billing periods in order to ensure the total compensation received by CapTrust aggregates to the fee schedule included in a Client’s written agreement.

The Client may terminate the Agreement for any reason as described in the Consulting Services Agreement. Upon termination, the fees charged for advisory services will be pro-rated and a refund for any unearned fees will be issued. The Client is responsible for paying for services rendered until the termination of the Agreement. The Client can cancel the Agreement without penalty within the first five days after the signing of the Agreement.

Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by CapTrust, as the custodian will not determine whether the fee has been properly calculated. CapTrust will not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the Client.

Consulting fees charged by CapTrust are separate and distinct from fees charged by third-party managers. These fees are for consulting services only and do not include other costs that the Client may incur including, but not limited to: transaction fees, commission, or other management fees charged by non-affiliated third-parties including investment managers (sub-advisors) that are recommended to Clients.

**Mutual Fund and Private Fund Fees and Expenses:** All fees paid to CapTrust for investment consulting services are separate and distinct from the fees and expenses charged by Mutual Funds to their shareholders and management/performance fees of Private Investment Funds. These fees and expenses are described in each Fund's prospectus or offering documents. These fees will generally include management fees, other fund expenses, and management and performance fees for Private Investment Funds. A Client could invest in a fund directly, without the services of CapTrust. In that case, the Client would not receive the services provided by CapTrust which are designed, among other things, to assist the Client in determining which Fund or Funds are most appropriate to each Client's financial condition and objectives.

**Fee Billing/Valuation:** CapTrust reports the value of a Client's investment portfolios to the Client on a periodic basis, generally quarterly or semi-annually. The value of a Client's investment portfolio also may be the basis of investment consulting fees paid to CapTrust. CapTrust does not itself value the securities in a Client's account. Rather, CapTrust relies upon values provided by the Client's custodians and Fund managers and sometimes the manager itself. CapTrust understands that securities listed on exchanges are valued at their closing price as the last trading day of the calendar quarter as reported by the custodian or pricing service. The value of specified illiquid, foreign or private investments for which valuation information is not available through a custodian or an independent pricing service is generally provided by the sponsor of the investment or the Fund manager responsible for the investment. In the event that CapTrust must internally "fair value" an investment, the Company will use its best efforts and all appropriate means to obtain all relevant information in order to determine a fair value. If it is deemed necessary or prudent, CapTrust may hire an independent third-party to provide an appraisal of the investment.

#### Project-Based Services

In lieu of providing its services on an ongoing basis, CapTrust may also provide its investment services on a project basis for a fixed fee. Services include, but are not limited to: developing Investment Policy Statements, Asset Allocation Review, Investment Manager Search Reports, Mutual Fund Search and Recommendation, Performance Review and Reporting, Investment Audit/Analysis, Fiduciary Training, and Executive Planning.

Fees for project-based investment consultation services will range up to \$25,000 and are based on the project's complexity, amount of work involved and amount of staff time needed to complete the project. CapTrust will provide the Client with an invoice for the investment consultation fee which is due and payable upon the completion of the project.

### **Performance-Based Fees and Side-by-Side Management**

CapTrust does not charge any performance based fees.

## Types of Clients

CapTrust provides investment advisory and consultation services to pension, profit sharing or other retirement plans, charitable organizations, foundations, endowments, corporations or other business entities and governmental entities, educational institutions, banks or thrift institutions, trusts, estates, as well as individuals.

CapTrust does assess a minimum annual fee of \$10,000. From time to time, CapTrust may engage in small projects for Clients that are billed at less than \$10,000.

## Methods of Analysis, Investment Strategies and Risk of Loss

Please refer to the *Advisory Business* section above for disclosures addressing Item 8.A of Form ADV Part 2A.

### Risk of Loss

All investing involves a risk of loss that Clients should be prepared to bear. The identification of securities and other assets believed to be undervalued is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired by third-party managers. CapTrust cannot give any guarantee that it will achieve a Client's investment objectives or that Clients will receive a return of its investment. Below is a summary of potentially material risks for each significant CapTrust investment strategy used, the methods of analysis used, and/or the particular type of security recommended.

- *Lack of Control* - CapTrust will not have a role in the management of Clients' third-party managed accounts and it will likely not have the opportunity to evaluate in advance the specific investments made by any third-party managers. As a result, the rates of return to Clients will primarily depend upon the choice of investments and other investment and management decisions of third-party managers, and returns could be adversely affected by the unfavorable performance of such managers. CapTrust depends on third-party managers to develop the appropriate systems and procedures to control operational risks. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in operations may cause the Client accounts to suffer financial losses.

## Disciplinary Information

CapTrust and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a Client's evaluation of the company or its personnel.

## Other Financial Industry Activities and Affiliations

Individuals associated with CapTrust may also be associated with the registered broker-dealer/investment advisor Wells Fargo Advisors Financial Network, LLC ("WFAFN"), a member FINRA/SIPC. Any affiliation between CapTrust and WFAFN is an indirect one in that certain of CapTrust's consultants and/or employees may be licensed as broker-dealer agents and/or investment adviser representatives with WFAFN. As such, these individuals may also have brokerage Clients of WFAFN that are not also Clients under CapTrust's registered investment adviser. Consequently, these individuals may receive compensation in the form of commissions for products sold to WFAFN-only Clients.



As licensed investment adviser representatives on behalf of WFAFN, individuals associated with CapTrust may, if it is determined to be in the Client's best interest, utilize WFAFN's investment manager platform when referring third-party investment managers to Clients. Under these circumstances, the Client will enter into an investment management agreement with WFAFN rather than with CapTrust. Clients should review WFAFN's ADV Part 2 which will be provided to the Client for information regarding WFAFN's investment management fees. Although it may be perceived that a conflict of interest exists between the interests of the Client and those of CapTrust, none actually exists as there is no fee incentive to recommend the use of WFAFN's investment manager platform over others. Occasionally, CapTrust may recommend WFAFN as a custodian or provider to Clients or prospective Clients. While CapTrust receives no additional compensation for making such a recommendation, a potential conflict of interest may exist since many of CapTrust's employees are registered representatives of WFAFN and receive compensation from WFAFN.

Individuals associated with CapTrust may offer or sell insurance products through separate licenses as insurance agents. As licensed agents, the individuals may receive commissions on insurance products sold. As a result, a potential conflict of interest may exist with CapTrust Clients' interests. Clients will be under no obligation, contractual or otherwise, to engage the CapTrust representative as an insurance agent.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

CapTrust's partners and employees are permitted to purchase for their personal accounts the same securities that could be recommended to Clients. To avoid any potential conflicts of interest involving personal trades, CapTrust has adopted a Code of Ethics (the "Code") which includes personal securities and insider trading policies and procedures. CapTrust's Code requires, among other things, that partners and employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, Clients, prospective Clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of Clients, and the interests of CapTrust above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Mitigate any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals;
- Comply with applicable provisions of the federal securities laws.

CapTrust's Code also requires access persons to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide CapTrust with a detailed



summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such access persons have a direct or indirect beneficial interest. The Code includes policies and procedures designed to supervise the giving or receiving of gifts and entertainment, political and charitable donations, and employees' outside business activities. The Code also includes insider trading policies and procedures that are designed to help prevent the misuse of material non-public information. CapTrust employees are required to certify their receipt of and compliance with the Code, including CapTrust's insider trading policies, initially upon commencing employment and thereafter on a periodic basis.

A copy of CapTrust's Code shall be provided to any Client or prospective Client upon request.

## **Brokerage Practices**

CapTrust does not have the authority to determine the broker or dealer to be used or the commission rates to be paid, and generally does not execute transactions in individual stocks or fixed-income securities on behalf of Clients. From time to time upon request from a consulting Client, a CapTrust consultant may help arrange or effect a Client's mutual fund or exchange-traded fund transaction. CapTrust's trade communication error correction policy specifies that advisory Clients are not responsible for the payment of trade errors committed by CapTrust in conjunction with the advisement of Client accounts. Any gain resulting from a trade error will be retained by the advisory Client. If deemed responsible, the CapTrust consultant responsible for the trade error will bear the costs of any loss incurred in the Client's account. Otherwise, any trade communication error committed by CapTrust that results in a loss to the Client will be borne by CapTrust.

With regards to discretionary advisory services offered and/or provided to (prospective) Clients, CapTrust may execute mutual fund and/or exchange-traded fund transactions on behalf of Clients. Clients must ultimately direct CapTrust as to the broker dealer to be used for mutual fund and/or exchange-traded fund transactions. In directing the use of a particular broker or dealer, it should be understood that CapTrust will not have authority to negotiate commissions or obtain volume discounts, and therefore the most favorable execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other Clients investing in the same mutual funds or exchange-traded funds. Clients that direct brokerage may pay more in commissions as cheaper execution alternatives may be available. Further, not all advisers require Clients to direct brokerage. CapTrust does not typically disseminate investment recommendations to multiple Clients simultaneously; therefore, we do not anticipate aggregating mutual fund and exchange-traded fund transactions for Clients. Further, since Clients direct brokerage, when a mutual fund or exchange-traded fund transaction is performed, CapTrust is not generally in a position to aggregate the purchase or sale of securities for Client accounts.

## **Review of Accounts**

Client accounts are generally reviewed on a quarterly basis by the CapTrust consultant responsible for the account. These reviews are designed to monitor and analyze Client transactions, positions, and investment levels. Particular attention is given to asset allocation drift, manager performance and shifts in management style.

Regular written reports will generally be issued quarterly or semi-annually which will contain an analysis of the performance of Client accounts and performance of the investment managers. Subject to the Client's custodial agreement, a Client will receive written monthly/quarterly account statements confirming account transactions, positions and activity.

## **Client Referrals and Other Compensation**

CapTrust may compensate certain consultants or employees for Client referrals. As required, CapTrust intends to comply with Rule 206(4)-3 under the Advisers Act.

## **Custody**

All Clients' accounts are held in custody by unaffiliated broker/dealers or banks. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by CapTrust.

## **Investment Discretion**

For all Clients advised by CapTrust at the time of this filing, CapTrust does not accept discretionary authority to manage securities accounts. CapTrust, however, from time to time may offer discretionary advisory services to prospective Clients. Before assuming this authority, the Client would execute an Agreement that provides CapTrust with discretionary authority to select, retain, and terminate investment third-party managers and funds, and/or reallocate assets among various third-party managers and funds. Any limitations on CapTrust's investment discretionary authority are included in the Agreement, and/or CapTrust's internal compliance policies and procedures.

## **Voting Client Securities**

CapTrust's policy is that it does not exercise voting authority with respect to Client securities. Clients are responsible for voting any such proxies. Clients should contact their custodian with questions about receiving proxies and process for the Client to execute voting on such proxies.

## **Financial Information**

CapTrust has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to advise Client accounts.