



## ADV Form 2A, Appendix 1 Unified Managed Account Program Brochure

BB&T Securities, LLC  
901 East Byrd Street  
Riverfront Plaza/West Tower  
Richmond, VA 23219  
800-643-1811  
www.bbtsecurities.com

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### Appendix 1, Unified Managed Account Program Brochure

#### Item 1 – Cover Page

Form ADV, Part 2A, Appendix 1, our “Wrap Fee Program Brochure” or “Brochure” for our Unified Managed Account Program (“UMAP”), a wrap fee program, as required by the Investment Advisers Act of 1940 is a very important document between Clients (you, your) and BB&T Securities, LLC (we, us, our, the “Firm”).

**This Brochure provides information about the qualifications and business practices of the Firm and the services relevant to our Unified Managed Account Program. If you have any questions about the contents of this Brochure, please contact us at (804) 782-8798. 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 the Firm is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our Firm name). Results will provide you both Part 1 and 2 of our Form ADV.

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 communications we provide to you, including this Brochure, are information you can use to evaluate us and our Unified Managed Account Program. These communications are factors you can use in your decision to hire us or to continue to maintain a mutually beneficial relationship with us.

#### Item 2 – Material Changes

1. We discuss below only material changes which we believe are important in terms of disclosure since the last filing of our Form ADV Part 2A, Appendix 1, for our Unified Managed Account Program on January 2, 2013. That filing was made to disclose an internal corporate merger between two wholly owned subsidiaries of BB&T Corporation, Scott & Stringfellow, LLC, and Clearview Correspondent Services, LLC, creating BB&T Securities, LLC. Effective

upon the merger, BB&T Securities, LLC began conducting business as BB&T Scott & Stringfellow and BB&T Capital Markets, Divisions of BB&T Securities, LLC.

2. This is our annual amendment update which we have filed on the SEC’s Investment Advisers Public Disclosure Website (IAPD), [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). There were no material changes to our Form ADV Part 2A, Appendix 1 brochure for the UMAP wrap fee program.
3. We may, at any time, update our Firm Disclosure Brochure or our Program Brochures, which you can download from the above SEC website. You may contact Theresa J. Manderski in the Compliance Department at 804-782-8798, regarding any questions you have about our Brochures and their contents.

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## Item 4 – Services, Fees and Compensation

### Unified Managed Account Program

#### 1. Services

The Firm offers the Unified Managed Account Program ("UMAP" or the "Program") to assist clients, both individuals and institutions (such as pension and profit sharing plans, trusts, estates, or charitable organizations, corporations and other business entities), to clarify their investment needs and to obtain professional asset management for a convenient single "wrap" fee.

The Firm offers UMAP as a wrap-fee program, i.e., a program under which a client is charged a specified fee or fees, not based directly upon transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisors) and execution of client transactions.

In addition to UMAP, the Firm offers other Wrap Fee Programs: the CHOICE Portfolios, the Professional Management Program, the S&S Advisor Program, and the Spectrum Investment Program. Please contact your Investment Advisor if you would like information about any of these other Wrap Fee Programs.

UMAP is a discretionary account which incorporates various investment products including: manager model portfolios, separate account managers, mutual funds and ETFs. In the Program you retain the ability to select one or more manager models ("**Models**"), and/or separate account managers (the "**Manager**") who will manage your discretionary account. Where Models, mutual funds, and/or ETFs have been selected, the Firm will maintain trading authority and discretion. Where Managers have been selected, the Manager will maintain trading authority and discretion.

The Firm offers investment advice in the areas of equity and debt securities, warrants, commercial paper, certificates of deposit, municipal securities, mutual funds, variable annuities, government securities, options contracts on securities, futures contracts on physical commodities and intangibles, commodity pools, options on futures contracts, and structured products.

The Firm utilizes charting, fundamental and technical methods of securities analysis for long-term and short-term investing, trading, short sales, margin transactions and option writing including covered options, uncovered options or spreading strategies.

The Firm's main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the Securities and Exchange Commission and company press releases.

The Firm's understanding and the Manager's understanding of the Client's current investment objectives and investment restrictions is based upon the information in the *Questionnaire and Investor Risk Profile*, which

Client provides and must represent accurate information. The Firm and the Manager, respectively, have relied and will continue to rely on the information provided. This information is important for the management of the Account.

Additionally, Client agrees to promptly notify the Firm if Client's financial circumstances or investment objectives (including but not limited to the investment objective for the Account) change. Also, Client agrees to provide the Firm such additional information as the Firm may request from time to time to assist the Firm in managing the Account.

Clients have the ability to impose reasonable restrictions on the management of the Account, including the designation of particular securities or types of securities that should not be purchased for the Account, or that should be sold if held in the Account. The Firm will forward these instructions to your Manager. If the Firm or your Manager believes the instructions are unreasonable or if the Firm or your Manager believes that the instructions are inappropriate, the Firm will notify you that unless the instructions are modified you may be required to select an alternate Manager or cancel the Account.

If a Client's Account is subject to the provisions of ERISA, the Firm represents that it is a fiduciary as defined in that Act in performing its duties under the applicable Agreement. Client must maintain any bond required in connection with the Account under the provisions of ERISA or other applicable law and to include within its coverage the Firm and any of its personnel as may be required.

#### A. Manager Models

In UMAP, you retain the ability to select one or more manager models ("**Models**"), mutual funds and/or ETFs for the purposes of selecting and customizing a blended portfolio. The Firm has retained investment portfolios provided by approved registered investment advisors ("**Alpha Providers**") who make recommendations for purchases and sales of securities based upon specific investment objectives and guidelines. Client must designate the Model(s) it selects to provide investment recommendations to the Firm with respect to the Account, and a separate ("**Subaccount**") will be established for the assets allocated to each Model selected by the Client in the Program. The Firm, and not the Alpha Provider, will construct and manage the Account and Subaccounts under the Program. The Alpha Provider's responsibilities are limited as set forth in the terms and conditions of the Alpha Provider and FDX Advisors Inc. Agreement. The Firm has retained FDX Advisors Inc. to provide certain services which enable the Firm to offer the Program.

The Firm will manage the Account and the Client has no contractual relationship with any Alpha Provider. The Firm will seek to manage the Account and Subaccount in a manner consistent with the recommendations provided by the Alpha Provider, but the Firm may deviate, in its discretion, from such recommendations. As a result of the Firm's overlay management process, the Account and/or Subaccount may vary from the model portfolio. Because

information regarding the composition of the investment recommendations and any updates thereto may be communicated to the Firm on a delayed basis, Alpha Providers may have taken action or advised other Clients, its affiliates and their respective partners, directors, officers and employees with respect to changes in the investment recommendations before making recommendations or communicating this information to the Firm. As a result, Alpha Providers and/or their related persons likely will have already commenced trading for their or their other Clients' accounts before the Firm has received or had the opportunity to evaluate or act on the Alpha Providers' recommendations. In this circumstance, trades ultimately placed by the Firm for Clients may receive prices that are more or less favorable than the prices obtained by the Alpha Providers, their related persons or their other Clients for their Accounts.

The Firm reserves the right to terminate an Alpha Provider from this Program at any time and for any reason. In addition, each Alpha Provider may resign from participation in this Program. The Firm may retain and terminate any Alpha Provider with respect to any Account in this Program. Upon the termination or resignation of an Alpha Provider, the Firm will notify the affected Client of such event and Client will be responsible for promptly selecting a new Alpha Provider, mutual fund or ETF as a replacement in the respective Account. Any failure to promptly select such replacement may result in the Account being re-assigned to a new Model selected by the Firm or may result in the Account's termination from the Program in the event that a suitable alternative Model is not available. Should the Firm re-assign the Account to a new Model, the Firm will provide written notice to the Client.

By executing Agreement, Client consents to the investment by the Firm of all or part of the Client's Account in mutual funds advised by Sterling Capital Management, an affiliate of the Firm. Such consent may be revoked by Client at any time. To be effective, any such revocation must be delivered to the Firm in writing. Client's account will only be invested in mutual funds advised by Sterling Capital Management if and to the extent such mutual funds satisfy the criteria for inclusion in the model portfolio designated by Client. Sterling Capital Management receives a fee from these funds for the advisory services it provides that is separate from the fee paid by the Client to the Firm under this account. The Firm and Sterling Capital Management are both subsidiaries of BB&T Corporation. When the Firm invests a client account in a fund managed by Sterling Capital Management, the BB&T enterprise, as a whole, receives more revenue than would be received if the Firm invested a client account in a fund managed by n BB&T affiliated fund managers.

#### B. Separate Account Managers

In UMAP, clients retain the ability to select one or more separate account managers (the "**Manager**") who will manage the client's discretionary Account. The Firm will, among other things, provide clients with certain services as a broker/dealer and investment advisor as described below. In the instance where the Client has chosen a

Separate Account Manager, the Firm will not manage the client's Account or provide discretionary trading in the client's Account because these services will be provided by the Manager. The Firm will initiate the steps necessary, including the receipt of investment funds, to open the Account and will be available on an ongoing basis to receive deposit and withdrawal instructions, and to convey any changes in your financial circumstances or investment objectives to your Manager.

The decision to retain any particular Manager rests with the Client. The Firm will assist the Client in establishing appropriate investment objectives and will recommend and engage one or more Managers to provide continuous discretionary investment management to the Client. Client will have no obligation to select or to use any Manager recommended by the Firm, however, once a Manager has been selected by Client, each Manager must first agree to accept the management of the Account subject to any restrictions requested by Client.

The Firm does not assume responsibility for any Manager's investment decisions or performance or compliance with applicable laws or regulations or any other matters within that Manager's control. The Firm's relationship with your Manager is governed by a separate agreement between the Firm and your Manager.

The Firm reserves the right to terminate a Manager from UMAP at any time and for any reason. In addition, each Manager may resign from participation in UMAP. The Firm may retain and terminate any Manager with respect to any Account in UMAP. Upon the termination or resignation of a Manager, the Firm will notify the affected Client of such event and Client will be responsible for promptly selecting a new Manager to manage the Account. Any failure to timely select a new Manager may result in the Account being re-assigned to a new Manager selected by the Firm or may result in the Account's termination from UMAP in the event that a suitable alternative manager is not available. Should the Firm re-assign the Account to a new Manager the Firm will provide written notice to the Client.

In sum, the Manager will buy, sell or otherwise trade securities or other investments in the Account in accordance with the Manager's investment style/discipline and subject to the Client's reasonable restrictions without discussing these transactions with the Client in advance. The Client also authorizes the Firm and Manager to take any other necessary action in connection with the opening and maintenance of the Account, the completion and payment of transactions in the Account and the fulfillment of all other obligations hereunder. This authorization shall inure to the benefit of any designee or successor corporation of the Firm and the Manager, respectively, and shall be binding upon the Client's heirs, executors, successors and assignees.

The Firm will maintain custody of the assets held in the Account(s). The Firm, as custodian, will, at no additional charge, credit the Account with dividends and interest paid on securities and with principal paid on sold securities and with proceeds of called or matured securities in the Account. At Account inception, Client may elect not to receive proxy and annual reports for the holdings in the Account, which election may be rescinded at any time. Upon request, Client will be provided with a copy of the Firm's proxy voting policies and procedures which may be

updated from time to time. In addition, Client will be provided information on how the proxies were voted by the Firm upon request of the Investment Adviser.

The Firm will send the Client confirmations of Account transactions and monthly statements summarizing Account positions and portfolio value. It is the Client's responsibility to review this material and report any discrepancies to the Financial Advisor as soon as possible. The Client may elect not to receive a confirmation for each securities transaction, which election may be rescinded at any time. Any discrepancy not objected to in writing by the Client within 30 days of receipt will be binding upon the Client.

On an exception-only basis at the request of the client, a third-party custodian other than the Firm may be used. For those clients choosing to use a third-party custodian, they may be subject to additional custodial fees charged by and collected by their respective third-party custodian. Those clients who use a third-party custodian will be charged for custodian fees within the wrap program in addition to any fee assessed by their respective third-party custodian.

The Firm and its affiliates manage or provide advice to Accounts for many types of Clients and also engage in a broad range of other research, advisory, brokerage, and investment banking activities. The same may be true for your Manager. The advice given to, or action taken for, any other Client or Account, including the Firm's or Manager's own Accounts, may differ from that provided to your Account. In particular, transactions effected in your Account may differ from those in other such Accounts or from the advice provided by the Firm's Financial Advisors or the Firm's research departments. Nothing in the Program Agreement shall be deemed to impose upon the Firm or Manager any obligation to purchase or sell, or recommend for purchase or sale, for the Account, any security or other property which the Firm or its affiliates, or Manager, may purchase or sell for their own Accounts or for the Accounts of any other Client. The Firm or Manager may purchase securities for its own Accounts that are purchased for the Accounts of its Clients.

The Firm and Manager may occasionally acquire confidential information in the course of its business. If that occurs, the Firm and Manager will not, of course, be able to divulge it or act upon this information for the Account. The Firm and Manager are under no obligation to execute any transaction for the Account which it believes to be improper under applicable law, rule, or regulation.

In valuing the Account, the Firm will use the closing prices and/or mean bid and ask prices of the last recorded transaction for listed securities and over-the-counter Nasdaq securities. In so doing, the Firm will utilize information provided to it by quotation services believed to be reliable. If any such prices are unavailable or believed to be unreliable, the Firm will determine the price in good faith so as to reflect its understanding of fair market value.

The Firm will not act on Client's behalf or render advice in legal proceedings, including bankruptcy proceedings, involving the Account or the securities in it. Client will be sent the information and documents that the Firm has received for distribution to customers to help Client take whatever action Client deems advisable. The Client shall

determine whether or not to participate in any class action lawsuits that arise as a result of the purchase of a security the Alpha Provider or Manager has selected in the Account unless the Client requests in writing the Firm or Manager to act on its behalf in such class action lawsuits. Subject to any other written instructions by the Client, the Client authorizes the Firm to vote proxies consistent with its proxy voting policies and procedures and act on the Client's behalf in regard to any other corporate matters regarding securities in the Client's account(s), including the tendering of securities or interest coupons in response to offers, calls or redemptions or with respect to the exercise of conversion rights, subscription rights or other options relating to the investments in the Account. Subject to client delivery of any other required documentation, the Firm may receive all shareholder communications, including proxy statements and proxies. Upon request, Client will be provided with a copy of the Firm's proxy voting policies and procedures which may be updated from time to time. In addition, Client will be provided information on how the proxies were voted by the Firm upon request of the Investment Adviser. The Firm is only responsible for dealing with those shareholder communications received in a timely manner.

All trading in the Account is at Client's risk and that the value of the Account is subject to a variety of factors including the liquidity and volatility of the securities markets. The investment performance of any kind can never be guaranteed by the Firm or Manager. No representation has been made by the Firm or Manager that success can be assured in any transaction or that the Account will prove profitable.

Free credit cash balances resulting from sales, cash deposits, or interest or dividend credits (that is, cash that may be withdrawn from the Account without resulting interest changes) will automatically be swept on a daily basis into the Firm's Insured Deposit Program (IDP) providing FDIC insurance for all eligible cash balances or, in some cases, into shares of a money market fund made available by the Firm at their then current net asset value. The Firm and its affiliates may have agreements to provide advisory, administrative, distribution, and other services to the money market fund used in the Account and receive compensation as a result of those services. If a Client is a shareholder of a money market fund, then in addition to fees that Client pays to the Firm as part of this Program, Client will bear a proportionate share of the money market fund's expenses which may include the investment management fees that are paid to the fund's investment advisor, which, as stated above, may be the Firm or its affiliates. We ask that you refer to the prospectus or statement of additional information provided for a more complete description of the applicable fund and its operation.

## **2. Fees**

Client pays the Firm an Annual Fee in accordance with the individual Program fee schedule. The Annual Fee will be deducted directly from the Account unless the parties agree otherwise. The Annual Fee, which is payable pro-rata on a quarterly basis in advance, will compensate the Firm for investment management as well as custody and execution services, and no separate Firm brokerage commissions will be charged.

The initial Annual Fee will be prorated to cover the period from the date the Account is opened and approved, through the end of the then current full calendar quarter. The initial Annual Fee will be due in full on the day the Firm opens and approves the Account and will be based on the opening value of the Account. Thereafter, the Annual Fee will be based on the Account's value as reflected on the quarter month-end statement and will be due the following business day to cover the next calendar quarter. Additional assets received into the Account will be charged a pro-rata Annual Fee based upon the number of days remaining in the current calendar quarter. No fee adjustment will be made for partial withdrawals or for appreciation or depreciation of the Account within a billing period. For purposes of calculating the Annual Fee due, the Account's value includes the sum of the long market value of all securities, money market, cash and credit balances. Margin debit balances and the short market value of securities held do not reduce the value of the Account. In accordance with the terms of the individual Client Agreement, a pro-rata refund of fees charged, less reasonable administrative and trading costs, will be made to Client if the Account is closed within a quarterly billing period.

Since the Annual Fee or Wrap Fee paid by the client covers all transaction-related costs, the client will not pay separate commissions for purchases or sales of securities for the client's account unless the client directs the Firm to execute transactions in securities with another broker-dealer. Because all transaction related fees are paid for out of the Annual Fee, the Firm anticipates that it will fulfill its duty to obtain best price and execution of client orders by effecting those transactions itself as broker. If the Firm effects a transaction for a client through another broker, the net purchase or sale price reflected on client the confirmations of such trades may reflect brokerage commissions or dealer "mark-ups" or "mark-downs" charged by the other broker.

Managers of fixed income portfolios have historically placed more trades through other broker-dealers than equity managers and as a result clients of these fixed income managers will pay more for execution to the extent their managers trade away and the total net price paid for bonds could exceed the net price the Firm might have obtained, acting as agent. A portion of the wrap fee compensates the firm for custody, clearance and settlement activities that are undertaken by the firm even where a manager chooses to place the trade through a broker-dealer other than the firm. Clients should read the disclosures related to the firm program in which they enroll and also the disclosures of their chosen managers (particularly those disclosures regarding best execution, since those managers are responsible for best execution and control brokerage selection on behalf of their clients).

The Annual Fee does not include charges to the Account for services not included herein or resulting from certain dealer mark-ups or mark-downs, odd lot differentials, postage and handling charges, IRA fees, transfer taxes, pass-through fees, transaction fees and any other fees which may be charged to the Account.

The Annual Fee will be calculated for each calendar quarter in accordance with the following schedule:

<b>UMAP HH ASSETS</b>	<b>Model Sleeves/SMA</b>	<b>Tier</b>	<b>Fund/ETF/Fixed Income SMA</b>
\$ 50,000 \$ 249,999	3.00%	1	2.00%
\$ 250,000 \$ 499,999	2.65%	2	1.75%
\$ 500,000 \$ 749,999	2.25%	3	1.50%
\$ 750,000 \$ 999,999	2.15%	4	1.40%
\$ 1,000,000 \$ 2,499,999	2.05%	5	1.30%
\$ 2,500,000 \$ 4,999,999	1.95%	6	1.20%
\$ 5,000,000 +	1.85%	7	1.10%

Minimum Account value is \$50,000 (minimums may be higher according to each specific Manager/Portfolio).

The Firm reserves the right to notify the Account of a minimum fee to be charged should the account fall below the minimum account value. The Firm may terminate any Account that has fallen below the minimum account value shown above as required to remain in the Program. Should the Account not receive a deposit for at least the amount of the deficiency shown within thirty (30) days of the date that the notification was mailed, the Account shall be removed from the Program and become a non-discretionary commission-based investment Account at the Firm.

Clients with mutual funds, exchange traded funds and investment company products in their portfolios are effectively paying the Firm and the fund/product advisor for the management of the Client's assets. Clients who place funds/products under the Firm's management are therefore subject to both the Firm's direct management fee and the indirect management of the mutual fund advisor. These funds/products may be subject to additional advisory and other fees and expenses, as set forth in the respective prospectuses, which are ultimately borne by the Client.

Client should be aware that the fees charged to the Account may be higher than those otherwise available if Client chose to select a separate brokerage service and negotiate commissions in the absence of the extra advisory services that the Firm provides. Client should consider the value of the services that the Firm provides when making such comparisons. Client should also consider the amount of anticipated trading activity when assessing the overall cost of the Program. Fee based programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity may result in higher compensation than if commissions were paid separately for each transaction. Trading activity can be affected by several factors, including contributions or withdrawals from the account, depositing of securities or changes in investment strategies, mutual funds, ETFs or other securities. For additional information to help understand anticipated trading, Client may request from the Financial

Advisor the historical portfolio turnover and number of holdings for recommended investment model strategies. The portfolio turnover percentage reflects how active a manager is in trading the portfolio. Client should discuss this with Advisor in order to decide which trading structure is most beneficial. The standard fee schedules set forth above may be subject to negotiation depending upon a range of factors, including, but not limited to, account sizes and overall range of services requested.

The Account assets used to calculate the Quarterly Fee will include those invested assets transferred into the Account for which Client may have previously paid a separate sales charge or load, commission, mark-up, spread, mutual fund expense, or other cost associated with acquiring such assets. Transferring such previously acquired assets into the Account may result in Client paying higher investment related expenses for such assets than Client would otherwise pay were such assets retained in a commission-based mutual fund or other type of account such as direct investment with a mutual fund company.

Eligible assets in the Account include (unless otherwise restricted by Client in writing and accepted by the Firm): cash and cash equivalents, insured deposit balances, money markets, common stock, preferred stock, rights/warrants on stock, closed-end mutual fund shares, eligible open-end mutual fund shares, American Depository Receipts ("ADRs"), exchange traded funds ("ETFs"), foreign stock, fixed income securities, municipal securities, publicly traded limited partnership shares, unit investment trusts, option contracts, and structured products.

For eligible mutual funds that are held in the Account, Client shall bear a proportionate share of the mutual funds' expenses, including advisory fees paid to the mutual funds' advisers, as well as management and 12b-1 fees, as set forth in the mutual funds' prospectuses. Mutual fund positions held in the Account may be more expensive than if held in a non-fee based account. To the extent such mutual funds permit exchanges among mutual funds, Client may be subject to certain administrative charges levied by the mutual funds' distributors. Where permitted by law, the Firm may receive a fee from open-end mutual funds or their affiliates for record-keeping, sub-account and/or other shareholder services. The Firm or its associated persons may receive compensation directly from the mutual fund for transactions in the Account. Any such payment will not affect the amount Client owes the Firm under the terms of this Agreement.

The Firm will pay all fees of each Manager selected by the Client. The fees to be paid each Manager will be negotiated by the Firm and each Manager.

Client may terminate the UMAP Agreement within five (5) business days of its execution and receive a full refund of all prepaid fees. Thereafter, either party may terminate the UMAP Agreement at any time and for any reason by notifying the other in writing and termination will become effective upon the receipt of this notice. However, termination will not affect either party's responsibilities under the UMAP Agreement for previously initiated transactions or for balances due in the Account or for any amounts owed. Upon the termination of the UMAP

Agreement, Client assumes the exclusive responsibility to direct and monitor the securities in the Account and the Firm will have no further obligation to act or advise with respect to those assets or to liquidate the positions held in the Account under the UMAP Agreement. Fees paid in advance hereunder will be prorated to the date of termination, and any unearned portion thereof will be refunded to the Client. If the term of the UMAP Agreement is more than three years, Client may request in writing the Firm to liquidate the positions in the Account and the Client shall waive their right to a pro-rated refund of the fees above. If the term of the UMAP Agreement is less than three years, Client may request the Firm in writing to liquidate the positions in the Account and the Client shall be required to pay the greater of the pro-rated refund above or a liquidation fee of \$25 per security in the account, excluding open end mutual funds.

### **3. Compensation**

The Firm may receive compensation or other benefits in addition to the wrap fee it receives from clients and, therefore, may have an incentive to engage in such transactions. Further, the Firm will maintain records of all securities purchased and sold by the Firm, its associated persons, and related entities, which will be available for client inspection upon reasonable request.

The Firm will not act as principal in a transaction for wrap fee clients without providing disclosure that it is so acting and obtaining prior client consent. The Firm also, with appropriate disclosure and client consent, may effect transactions for a wrap fee client in which it acts as broker for both that client and the other party to the transaction and earn a commission on the trade from that other party. The Firm will do so only to the extent consistent with its duty to obtain best execution for the wrap fee client and with appropriate client consent. Wrap fee clients may revoke consent to engage in such transactions at any time.

Finally, because the Wrap Fee Program may cost clients more or less than purchasing the included services separately, the Firm may have a financial incentive to recommend participation in the Wrap Fee Program.

Outside the Wrap Fee Program, the Firm provides a variety of services to its clients as a broker-dealer, for which it is compensated. The Firm usually acts as broker in transactions for clients. The Firm may act in a riskless principal capacity for certain fixed income securities and mutual funds that impose sales loads. All transactions, whether the Firm acts as broker or as riskless principal, are effected at the prevailing market price consistent with the Firm's duty to obtain best execution. The Firm is compensated in such transactions in the form of commissions on trades. In connection with clients investing in mutual funds, the Firm may be paid compensation as described in the funds' prospectuses.

We do not have or employ any "Employee" at all that receives (directly or indirectly) any compensation from the sale of securities or investments that are purchased or sold for your Account or to which we provide consulting expertise/services. As a result, we are a "fee only" investment adviser. We do not have any potential conflicts

of interest present that relate to any additional (and undisclosed) compensation from you or your assets that we manage.

## **Item 5 – Account Requirement and Types of Clients**

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Under the Unified Managed Account Program the minimum account size is \$50,000. Account minimum is \$100,000 for each Model/Manager and investment style selected. Fund/ETF minimums vary by fund. We ask that you refer to the Program's prospectus for more information.

### **Account Asset Minimums**

\$50k – 100k	Fund/ETF only accounts
\$100k – 250k	Up to 1 Model/Manager
\$250k – 500k	Up to 2 Model/Manager
\$500k – 750k	Up to 3 Model/Manager
\$750k – 1 million	Up to 4 Model/Manager
\$1 million – 1.5 million	Up to 5 Model/Manager
\$1.5 million – 2.5 million	Up to 6 Model/Manager
\$2.5 million+	Up to 7 Model/Manager

The Firm may terminate any Account that has fallen below the minimum Account value shown above as required to remain in UMAP. Should the Account not receive a deposit for at least the amount of the deficiency shown within thirty (30) days of the date that the notification was mailed, the Account shall be removed from UMAP and become a nondiscretionary commission-based investment Account at the Firm.

We generally provide our services to the following types of Clients:

- Individuals, including high net worth individuals
- Trusts, estates and charitable organizations
- Corporations or other business entities
- Taft-Hartley plans, governmental plans, municipalities
- Not-for-profit entities
- Private equity firms (Consulting only)

## **Item 6 – Portfolio Manager Selection and Evaluation**

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The Firm has contracted FDX Advisors to provide comprehensive analysis of an approved list of "Alpha Providers" whose investment recommendations are implemented by the Firm. Initial and ongoing reviews of the Alpha Providers is conducted by FDX Advisors Research Committee. FDX employs both a qualitative review and quantitative review of each Alpha Provider firm. FDX requires performance information to be provided in a format which is GIPS compliant. Exceptions to this compliance requirement may apply if the Alpha Provider has demonstrated a strong investment management background. The review may include comparisons to investment advisors with similar investment styles. In some cases, an on-site visitation is conducted with the Alpha Provider. Alpha Providers that successfully complete this process are placed on FDX's Approved List and are then available for use in Clients' investment portfolios by the Overlay Manager. Credentials and

select data of Alpha Providers are reviewed each quarter to determine if expectations have been met on a relative basis to remain eligible for inclusion in the UMAP. If general expectations have not been met, a more comprehensive review may be conducted, after which replacement of the Alpha Provider may occur. Additionally, the Firm may utilize a portfolio manager that is not on FDX's Approved List but rather FDX's Access list. FDX Advisors will contract with Access managers to provide their list of security recommendations and will gather quantitative information from these managers on a quarterly basis in order to complete manager profiles. The Firm will maintain qualitative manager research files on the Access managers gathering information on the firm, its' history, assets under management, organizational structure, ownership, regulatory situation, and resources.

In selecting the appropriate investments for a particular Client's UMAP account, the Financial Advisor to the client will determine the combination of portfolio managers (Alpha or Access), funds, ETFs, and other available security types, for a particular client based upon the Client's investment objectives, financial situation, risk tolerance and other investment guidelines.

Performance is calculated by the portfolio managers and they typically utilize Global Investment Performance Standards (GIPS) as developed by the CFA Institute.

The Firm reviews the performance of subaccounts and accounts invested with portfolio managers versus the stated performance of the portfolio managers composite. This review is conducted to ensure consistency with the manager's track record. Additionally, the majority of managers do engage a third party to audit their performance track record to ensure that it is in keeping with the GIPS standards. The most common auditor of the track records is Ashland Partners.

Neither the Firm nor any related entity or person acts as a portfolio manager for UMAP.

## **Item 7 – Client Information Provided to Portfolio Manager**

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Where a portfolio manager acts in the capacity of Alpha Provider and solely communicates its investment recommendations to be executed by the Firm in the capacity of Overlay Manager, no client information is provided to the portfolio manager. Where a portfolio manager is acting in the capacity of a sub advisor to a client and investing the account directly, basic client information is provided to the manager in order to properly manage the client account on an ongoing basis.

## **Item 8 – Client Contact with Portfolio Manager**

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Clients may have access to a portfolio manager through various means acceptable to both parties either in-person, by conference call or email. Access to the portfolio manager must be coordinated through the Client's financial advisor. In some cases, geographic differences may dictate that an in-person meeting is not feasible and that other means must suffice.

## Item 9 – Disciplinary Information

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As a registered broker-dealer and investment advisor, we from time to time are subject to disciplinary actions from our regulators. Such disciplinary actions have historically been and are currently disclosed on our Forms BD and ADV Part 1. We disclose the following disciplinary events which occurred within the last ten (10) years which we believe may be material to you when evaluating us to initiate or continue a Client/Adviser relationship with us.

On January 4, 2012, FINRA initiated a regulatory action against Clearview Correspondent Services, LLC (Docket/Cast Number #2009017536001). FINRA alleged that in relation to NASD rule 6955(A), the Firm transmitted to the Order Audit Trail System (OATS), during the period between January 1, through June 30, 2008, route reports that contained inaccurate, incomplete, or improperly formatted data, in addition to reporting new order events that it was not required to report. The Firm reported a destination code of non-member for orders routed to a FINRA member firm. The Firm consented, without admitting to or denying the findings, to the issuance of the letter of Acceptance, Waiver and Consent (“AWC”), a censure, and to the payment of a fine in the amount of \$7,500.00. The AWC was accepted by FINRA on January 4, 2012 and the fine was paid on January 13, 2012.

On June 20, 2012, FINRA accepted a Letter of Acceptance, Waiver, and Consent (“AWC”) from Clearview Correspondent Services, LLC (Case Number 20100235175-01). The allegations are as follows: Between October 17, 2008 and approximately September 30, 2009 (the “Relevant Period”), the Firm violated Rule 204T(a) and Rule 204(a) of Regulation SHO by failing to close out fail to deliver positions in: (1) short sales by the beginning of regular trading hours on the settlement day following the settlement date, and (2) long sales by the beginning of regular trading hours on the third settlement day following the settlement date. The Firm also violated Rule 204T(c) and Rule 204(c) of Regulation SHO by failing to notify brokers or dealers from which it received trades for clearance and settlement that fail to deliver positions in equity securities had not been closed out in accordance with Rule 204T(a) and Rule 204(a). In addition, the Firm violated NASD Rule 3010 when it failed to establish and maintain supervisory procedures designed to ensure compliance with Rule 204T and Rule 204. As a result of its failures to comply with Regulation SHO and enforce supervisory procedures related to Regulation SHO, the Firm also violated NASD Conduct Rule 2110 and FINRA Conduct Rule 2010. The Firm consented, without admitting or denying the findings, to the imposition of the following sanctions in the AWC, namely a censure and a fine in the amount of \$100,000.

On October 16, 2003, the New York Stock Exchange initiated a regulatory action against Scott & Stringfellow (Docket #03-207). The allegations related to this action are violations of Rules 15c3-3(E)(1) and 15c3-3(E)(1)/01. It was alleged that S&S transacted options from branch where supervisor is not properly qualified, and failed to properly compute its customer reserve requirement and deposited the special reserve funds into a money market deposit account that exceeded the amount permitted by the Rule. In May 2000, two of S&S former brokers executed options contracts in their

personal accounts in a manner designed to evade S&S's Compliance Procedures. During S&S's investigation into the trading S&S determined that the branch office where these individuals worked did not have a ROP. S&S subsequently revised its procedures and the branch manager became registered as a ROP. In an unrelated matter, S&S determined that one of its employees made an error in a spreadsheet calculation that caused a hindsight deficiency in the applicant's reserve deposit for the week of November 22, 2002. S&S corrected the error and notified the SEC and MFR immediately. In conjunction with this error, S&S exceeded the amount of allowable deposits into a money market deposit account. Upon discovery, S&S took corrective action, and subsequently revised its procedures so that an automated system performs these calculations. Without admitting or denying the allegations, S&S consented to a censure and a \$50,000.00 fine to resolve these matters.

On March 8, 2004, NASD Regulation, Inc. initiated a regulatory action against Scott & Stringfellow (Docket #CMS040022 AWC). NASDR alleged that S&S failed to use reasonable diligence to ascertain the best inter-dealer market for selected transactions during the period April 1, through June 30, 2002. Without admitting or denying the allegations, S&S entered into a letter of Acceptance, Waiver and Consent (“AWC”) relating to certain account transactions during the period April 1, through June 30, 2002, relating to S&S's diligence in ascertaining the best inter-dealer market for selected customer orders. On January 22, 2004, S&S agreed to a censure, to pay a fine of \$25,000, and to make restitution to customers of \$615.43 plus interest.

On September 13, 2004, NASD Regulation, Inc. initiated a regulatory action against S&S (Docket #CMS040159). NASD alleged that S&S failed to use reasonable diligence to ascertain the best inter-dealer market for selected transactions during the period January 1, through March 31, 2003. Without admitting or denying the allegations, S&S entered into a Letter of Acceptance, Waiver and Consent (“AWC”) relating to certain account transactions during the period January 1, through March 31, 2003, relating to S&S's diligence in ascertaining the best inter-dealer market for selected customer orders. On October 14, 2004, the NASD agreed to accept S&S's AWC wherein S&S agreed to a censure, to pay a fine of \$35,000, to revise its written supervisory procedures and to make restitution to customers of \$595.20 plus interest.

On November 14, 2005, NASD Regulation, Inc. initiated a regulatory action against Scott & Stringfellow (Docket #20042000064-01AWC). NASD alleged that: (i) on 39 occasions during the period of September 4, 2002 through December 31, 2002, S&S failed to immediately display customer limit orders in Nasdaq securities in its public quotation, when each such order was at a price that would have improved its bid or offer in each such security or when the order was priced equal to S&S's bid or offer and the national best bid or offer for each such security, and the size of the order represented more than a de minimis change in relation to the size associated with S&S's bid or offer in each such security, in violation of Securities Exchange Act Rule 11Ac1-4; (ii) During the same period, S&S transmitted to OATS 15 reports that contained inaccurate, incomplete, or improperly formatted data in



that the reports omitted a special handling code of not held and six reports that contained inaccurate, incomplete, or improperly formatted data in that the reports omitted all subsequent order events, in violation of NASD Rules 6955(a) and 2110; (iii) S&S's supervisory system was inadequate with respect to limit order display in that S&S's exception reports for monitoring compliance with the limit order display rule failed to identify the violations described above and such supervisory system did not include written supervisory procedures providing for a statement of the supervisory steps to be taken by the person(s) responsible for supervision with respect to the applicable rules, in violation of NASD Rules 2110 and 3010 and (iv) S&S incorrectly distributed or published, or caused to be distributed or published, 139 reports of a purchase or sale of municipal bonds that were not required to be distributed or published, in violation of MSRB Rule G-14. On November 14, 2005, the NASD agreed to accept S&S's AWC wherein S&S agreed to a censure, to pay a fine of \$37,500, and an undertaking to revise its written supervisory procedures to address the alleged inadequacies described above.

On August 29, 2005, NASD initiated a regulatory action against Bergen Capital. NASD alleged that, between February 1, 2004 and May 31, 2004, Bergen Capital, Inc. (CRD# 46348) who merged into Scott & Stringfellow on January 4, 2006, failed to record the time of receipt on certain municipal order tickets in violation of municipal securities rulemaking board rule g(8)(a)(vii), section 17(a) of the securities exchange act of 1934, rule 17a-3 thereunder and NASD conduct rules 3110 and 2110. (Docket/Case Number #E9B2004001503). S&S consented to censure and payment of a fine in the amount of \$7,500 pursuant to the Letter of Acceptance, Waiver and Consent with respect to such matter ("AWC"). The fine was paid Bergen on September 16, 2005. Bergen consented, without admitting or denying the allegations, to the issuance of the AWC. The AWC was accepted by the NASD on August 29, 2005.

On November 22, 2005, NASD initiated a regulatory action against Bergen Capital. NASD alleged that, between July 15, 2003 and December 31, 2004, Bergen Capital, Inc. (CRD# 46348) who merged into Scott & Stringfellow on January 4, 2006, disseminated to the investing public 17 pieces of advertising and sales literature relating to municipal, corporate, and government bonds that allegedly violated NASD conduct rules 2210 and 2110 (.Docket/Case Number # EAF0401260002). Thirteen of these pieces were radio advertisements broadcast on three New York metropolitan area radio stations that allegedly minimized the risks associated with bond investing and contained allegedly misleading and promissory language. Bergen was also alleged to have used two websites and two newsletters that were allegedly misleading and omitted allegedly necessary disclosures in violation of NASD conduct rules 2210 and 2110. Ten pieces of advertising or sales literature allegedly omitted material information and 10 communications included allegedly misleading, unwarranted or exaggerated statements or claims. In addition, it was alleged that seven radio advertisements and one website allegedly violated SIPC rules applicable to communications with the public. Bergen consented to censure, payment of a fine in the amount of \$115,000 and an undertaking to file with the NASD's advertising regulation department ("ARD") all sales literature and advertisements at least

15 days prior to their first use until the earlier of six months from the acceptance by the NASD's national adjudicatory council ("NAC") of the Letter of Acceptance, Waiver and Consent with respect to this matter ("AWC") or such time as the form BDW of Bergen Capital, Inc. becomes effective. The fine was paid by Bergen Capital on December 13, 2005. Bergen consented, without admitting or denying the allegations, to the issuance of the AWC. The AWC was accepted by NASD on November 23, 2005.

On June 26, 2006, the New York Stock Exchange ("NYSE") initiated a regulatory action against S&S (Docket/Case Number #HPD 06-98). The NYSE Division of Enforcement alleged that on 2 occasions between January 2003 and March 2003 S&S's Branch Office Manager approved erroneous trades, after the corrections were made, in violation of Rule 410, that on 6 occasions, as a result of cumulative purchases, customers purchases of Class B mutual funds exceeded recommended purchase amounts in the fund prospectus, and that S&S did not have adequate procedures concerning pre-dissemination review of internal e-mail by a research analyst. S&S consented without admitting or denying guilt, to the entry of stipulation and consent, that was accepted by an NYSE Hearings Officer on June 26, 2006. In the consent, without admitting or denying guilt, S&S agreed to a censure and to the payment of a fine of \$75,000.

On June 29, 2006, the NASD initiated a regulatory action against S&S (Docket/Case Number #E9A2004009101). It was alleged that between July 1, 2004 and September 30, 2004 S&S failed to timely report 6 transactions to the MSRB in violation of Rule G-14 and that between June 2002 and February 2004 S&S failed to timely file statements to the MSRB for 17 transactions in violation of Rule G-36. S&S consented to the payment of a fine in the amount of \$5,000 pursuant to the Letter of Acceptance Waiver and Consent ("AWC"). S&S consented without admitting or denying the allegations to the issuance of the AWC. The AWC was accepted by the NASD on June 26, 2005.

On August 16, 2006, the Virginia State Corporation Commission, Securities Division initiated a regulatory action against S&S (Docket/Case Number #2006-00032). The Division alleged that one of S&S's registered representatives made an unsuitable recommendation to sell part of a variable annuity and purchase mutual funds to one customer, and thus, that S&S failed to properly supervise the registered representative. While S&S and the registered representative believed they had meritorious defenses to the allegations, without admitting or denying the allegations and in order to avoid the expense of litigation, S&S and its registered representative agreed to the consent order, fully resolving the matter. The consent order levied a fine of \$6,000. S&S was charged with \$4,000 and the registered representative was charged with the remaining \$2,000. S&S was also charged an additional \$2,000 in investigative charges. The registered representative was placed under heightened supervision for solicited mutual fund sales for a period of 12 months. The consent order was executed by the Securities Division on September 1, 2006.

On July 30, 2007, FINRA initiated a regulatory action against S&S (Docket/Case Number #2006003791101). It was alleged that

between December 17, 2004 and March 31, 2006, S&S failed to timely report 16 transactions to the MSRB and that it failed to file one Form G-36 (05) and final official statement to the MSRB in violation of Rule G-36. S&S consented, without admitting or denying the allegations, to the issuance of the Acceptance Waiver and Consent ("AWC"), and to the payment of a fine in the amount of \$7,500 pursuant to the AWC. The AWC was accepted by the FINRA on July 30, 2007.

On August 6, 2009, FINRA initiated a regulatory action against S&S (Docket/Case Number #2008011754301). It was alleged that between June 27, 2006 and June 6, 2008, S&S failed to report on a Form G-37 eight (8) instances in which it had participated in negotiated securities underwriting activities. S&S consented, without admitting or denying the findings, to the issuance of the letter of Acceptance, Waiver and Consent ("AWC"), and to the payment of a fine in the amount of \$10,000 pursuant to the AWC. The AWC was accepted by FINRA on August 6, 2009.

On September 17, 2009, FINRA initiated a regulatory action against S&S (Docket/Case Number #2006004160701). As a result of a series of TMMS, TRACE and short sale reporting examinations covering the November 1, 2005 through 2007 period, FINRA alleged that S&S had some violations regarding individual registrations, Rule 10b-10, Rule 606 and Rule 605, TRACE reporting, short sale reporting and written supervisory procedures. S&S consented, without admitting or denying the findings, to the issuance of the letter of Acceptance, Waiver and Consent ("AWC"), to the payment of a fine in the amount of \$72,500, and to revise certain written supervisory procedures, pursuant to the AWC. The AWC was accepted by FINRA on September 17, 2009.

On January 6, 2010, the Commonwealth of Virginia, State Corporation Commission, initiated a regulatory action against S&S (Docket/Case Number #SEC-2009-00112). The Virginia State Corporation Commission's Division of Securities and Retail Franchising alleged that S&S violated Commission Rules 21 VAC 5-20-260A and B, and 21 VAC 5-20-580A3 and A18 in connection with the marketing and sale of auction rate securities to Virginia residents. Prior to entering into this settlement with the Virginia State Corporation Commission, S&S offered to purchase, at par, auction rate securities ("ARS") from certain eligible customers ("Offer"). As part of the settlement, S&S undertook to: abide by the terms and conditions of its Offer; make up the difference paid to any eligible customers who sold ARS below par; reimburse eligible customers for expenses on ARS secured loans; and participate in FINRA's ARS Arbitration Program. Although S&S believed that it had meritorious defenses to the allegations, to avoid the uncertainty and expense of litigation, and without admitting or denying the allegations, S&S settled the matter. The Order was entered by the Virginia State Corporation Commission on January 6, 2010.

On May 27, 2010, the Commonwealth of Virginia, State Corporate Commission (the "Commission"), initiated a regulatory action against S&S (Docket/Case Number #SEC-2010-00091). The Commission alleged that S&S violated Securities Rule 21 VAC 5-20-260 B for inadequate supervision in connection with a former registered representative's recommendation and sale of allegedly unsuitable securities to a customer. Without admitting or denying

the allegations, and to avoid the cost and uncertainty of continued investigation by the Commission, S&S agreed to the entry of a settlement order, fully and finally resolving the matter with the Commission. The settlement order levied a fine of \$20,000 against S&S. S&S was also charged an additional \$5,000 in investigative charges. The settlement order was executed by the Commission on January 6, 2011. The \$20,000 fine and \$5,000 investigative charges were paid on December 31, 2010 and no portion of either was waived. A \$10,000 rescission offer to the customer was made on January 10, 2011. The registered representative who was the subject of the investigation is no longer employed by S&S.

On June 19, 2012, FINRA accepted a Letter of Acceptance, Waiver and Consent ("AWC") from Scott & Stringfellow, LLC ("S&S") (Case Number 20090195365). The allegations are as follows: During the period from January 2008 through June 2009 (the "Relevant Period"), S&S failed to establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with applicable NASD and/or FINRA rules in connection with the sale of leveraged, inverse, and inverse-leveraged Exchange-Traded Funds ("Non-Traditional ETFs"). Non-Traditional ETFs have certain risks that are not found in traditional ETFs, such as the risks associated with a daily reset, leverage and compounding. The performance of Non-Traditional ETFs over longer periods of time can differ significantly from the performance of their underlying index or benchmark, especially in volatile markets. Nonetheless, S&S supervised Non-Traditional ETFs the same way it supervised traditional ETFs. Thus, S&S failed to establish a reasonable supervisory system and written procedures to monitor the sale of Non-Traditional ETFs. S&S also failed to establish adequate formal training regarding Non-Traditional ETFs during the Relevant Period. In addition, certain S&S registered representatives did not have an adequate understanding of Non-Traditional ETFs before recommending these products to retail brokerage customers. Certain S&S registered representatives also made unsuitable recommendations of Non-Traditional ETFs to certain customers with the primary investment objectives of income or capital preservation. S&S consented, without admitting or denying the findings, to the imposition of the following sanctions in the AWC, namely a censure and a fine in the amount of \$350,000. S&S paid the fine on June 27, 2012.

### **Other Financial Industry Activities and Affiliations**

The Firm is a registered broker-dealer.

BB&T Investment Services, Inc., a FINRA member broker-dealer and a state registered investment adviser, is a wholly-owned subsidiary of BB&T Corporation, a bank holding company.

The Firm and UMAP are affiliated by common ownership with BB&T Institutional Investment Advisers, Inc. and Sterling Capital Management LLC, which are wholly-owned subsidiaries of BB&T Corporation and are SEC-registered investment advisers.

BB&T Insurance Services, Inc. is a wholly-owned subsidiary of Branch Banking and Trust Company. P. J. Robb Variable Corporation, a FINRA member broker-dealer, is owned by Crump Life Insurance Services, Inc., a subsidiary of Branch Banking and Trust Company.

The Firm's affiliated advisers (BB&T Investment Services, Inc., Sterling Capital Management LLC and BB&T Institutional Investment Advisers, Inc.) may manage limited partnerships or other private funds. A complete list of partnerships managed by these companies can be obtained by viewing each respective adviser's ADV Part I, Schedule D, Section 7.B. The Firm's customers are not solicited to invest in any of the affiliated companies' limited partnerships.

## **Code of Ethics**

We have adopted an Investment Advisory Code of Ethics based on the principle that all Investment Advisory Representatives have a fiduciary duty to place the interest of clients ahead of their own. This Code of Ethics is designed to (i) ensure we meet our fiduciary obligations to you, our Client, and (ii) foster and maintain a Culture of Compliance within our Firm. On an annual basis, all Investment Advisory Representatives are required to certify in writing that they are aware and will abide by the principles of the Code. We also supplement the Code with annual training and on-going monitoring of investment advisory activity.

Our Code includes the following:

- Requirements related to the confidentiality of our Client;
- Policies relating to conflicts of interest;
- Prohibitions on:
  - Insider trading;
  - Use of proprietary information, and
  - Rumor mongering;
- Policies relating to employee and Firm transactions;

Our Code does not prohibit personal trading by employees or proprietary trading by our Firm. As you may imagine, as a professional investment adviser, we follow our own advice. As a result, we or our employees may purchase or sell the same or similar securities (or securities that are suitable for a Firm or employee or related account but not suitable for any client, including you) at the same time that we place transactions for your account and the accounts of our other Clients.

On an annual basis, we require all Investment Advisory Representatives to re-certify to our Code. Individuals who are designated as "Access Persons" are required to make quarterly reports to Compliance of all securities transactions made in their covered accounts. By January 31<sup>st</sup> of each year Access Persons must also file an Annual Holdings Report.

You may request a complete copy of our Code by contacting us at the address or telephone number on the cover page of this Brochure; attn.: Chief Compliance Officer.

## **Review of Accounts**

For the UMAP, the client's investment objective and strategy are reviewed for consistency with UMAP guidelines when each account is opened. On a regular basis, the Firm reviews the portfolio to ensure that the current allocation is within an acceptable range of the target allocation guidelines. The Firm will rebalance the portfolio

if the current allocation deviates outside of the acceptable range of the target allocation. The Financial Advisor for the account will meet with the client no less than annually to determine if the client's financial status has changed which would result in changes to the client's portfolio or investment objectives, risk tolerance and time horizon. The client may at any time place restrictions on his/her account and may change investment objectives, risk tolerance and time horizon.

## **Client Referrals and Other Compensation**

Non-employee third-party consultants who are directly responsible for bringing a client to the Firm, such as accountants, may receive compensation from the Firm. Such agreements will comply with the requirements set out in Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, including the requirement that the relationship between the solicitor and the investment advisor be disclosed to the client at the time of the solicitation or referral. Referral fees are a percentage of the annual management fees earned by the Firm on referred accounts and represent no additional expenses to such accounts. The Client will be requested to acknowledge this arrangement prior to acceptance of the Clients' funds.

In certain cases, applicable state laws may require these third-party consultants to become either licensed as representatives of the Firm or as independent investment advisors.

## **Financial Information**

The Firm does not charge or solicit pre-payment of fees by clients six months or more in advance. It will bill fees in advance each quarter. The Firm is not aware of any financial conditions or events which are reasonably likely to impair its ability to meet its contractual commitments to its clients.

## **Item 10 – Requirements for State-Registered Advisers**

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N/A