



GLOBALT, a separately identifiable division of Synovus Trust Company, N.A.

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July 10, 2013

This Brochure provides information about the qualifications and business practices of GLOBALT Investments, ("GLOBALT"), a separately identifiable division of Synovus Trust Company N.A. If you have any questions about the contents of this Brochure, please contact Jonathan Kaufman, Chief Compliance Officer at (404) 720-5847 or by email at [jkaufman@synovus.com](mailto:jkaufman@synovus.com). 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.

GLOBALT, a separately identifiable division of Synovus Trust Company N.A. is a federally registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

This disclosure Brochure describes the business practices of GLOBALT, a separately identifiable division of Synovus Trust Company N.A. It is intended to provide clients and prospective clients with an understanding of the investment management services offered by GLOBALT and to provide full and fair disclosure of any conflicts or potential conflicts of interest associated with those services. GLOBALT may, at the request of a client, provide investment advice or other services not discussed in this Brochure. In such cases, any additional disclosures will be provided to the client as necessary. Clients can also refer to their investment management agreement for information specific to the management of their account.

Additional information about GLOBALT and Synovus Trust Company N.A. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with GLOBALT who are registered as investment adviser representatives of GLOBALT.

## Item 2 – Material Changes

This Brochure dated July 10, 2013 is a revised document prepared according to the SEC's requirements and rules. This Item will discuss only specific material changes that are made to the Brochure since the last annual update on March 28, 2013 and provide clients with a summary of such changes.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested by contacting Jonathan Kaufman, Chief Compliance Officer at 404-720-5847 or [jkaufman@synovus.com](mailto:jkaufman@synovus.com). Our Brochure is also available on our web site [www.globalt.com](http://www.globalt.com), free of charge.

July 10, 2013

- GLOBALT is an SEC-registered investment adviser since 1991 and, effective July 10, 2013, remains a registered investment adviser through a separately identifiable division of Synovus Trust Company N.A., a nationally chartered trust company. Synovus Trust Company is a wholly-owned subsidiary of Synovus Bank, which is wholly owned by Synovus Financial Corp. Effective July 10, 2013, GLOBALT and all of its personnel consolidated with Synovus Trust Company (its affiliate since 2002) as a separately identifiable division. This division continues to operate under the "GLOBALT" name.
- The Mid Cap Growth equity strategy is no longer being offered and has been removed from the Brochure.

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#### Item 4 – Advisory Business

GLOBALT is an SEC-registered investment adviser since 1991 and, effective July 10, 2013, remains a registered investment adviser through a separately identifiable division of Synovus Trust Company N.A., a nationally chartered trust company. Synovus Trust Company is a wholly-owned subsidiary of Synovus Bank, which is a wholly owned subsidiary of Synovus Financial Corp. Effective July 10, 2013, GLOBALT and all of its personnel consolidated with Synovus Trust Company (its affiliate since 2002) as a separately identifiable division. This division continues to operate under the “GLOBALT” name.

GLOBALT offers investment advisory services to individuals, corporations and institutions, banks and trust companies, pension and profit sharing plans, estates and trusts, charitable organizations, registered investment companies and other investment advisers. Clients select (or GLOBALT recommends) a particular investment strategy. Discretionary accounts are managed in accordance with the selected strategy, subject to any specific guidelines and restrictions imposed by the client.

GLOBALT provides advisory services to various subsidiaries of Synovus Financial Corp.:

- As a separately identifiable division of Synovus Trust Company N.A., GLOBALT manages accounts and/or provides other investment advisory services for clients of Synovus Trust Company, N.A. under one or more service agreements.
- GLOBALT is an adviser in wrap-fee programs sponsored by Synovus Securities, Inc. (“SSI”). GLOBALT receives a portion of the wrap fee SSI charges to clients.
- GLOBALT provides model portfolios to Creative Financial Group (“CFG”), a division of Synovus Securities, Inc. CFG retains all responsibility for implementation of the model in its clients’ accounts and pays a fee to GLOBALT based on the assets invested in the models. GLOBALT does not have any ongoing management or supervisory responsibility with respect to CFG client accounts.

GLOBALT manages separately managed (“SMA”) and/or wrap fee program accounts on behalf of affiliated and non-affiliated broker/dealers, banks and other financial intermediaries. GLOBALT generally provides investment advisory services to SMA or wrap program clients pursuant to an agreement with the program sponsor. In these program accounts, clients pay a single fee to the program sponsor, who covers some or all of the following services: portfolio management, custody, administration, commissions and other costs incurred for trades executed by the sponsor. GLOBALT receives a portion of this fee. Subject to its duty to seek best execution for client transactions, GLOBALT will generally execute trades through the sponsor since the fee paid by the client already includes the cost of transactions. GLOBALT relies on program sponsors and their financial advisors to fulfill certain responsibilities with regard to program clients. Generally, program sponsors assume tasks such as: (1) client identification; (2) delivery of GLOBALT’s Brochure; (3) delivery of GLOBALT’s privacy notice; and, (4) ensuring GLOBALT’s products and services are suitable to the client’s investment objectives. For more information about each sponsor and SMA/Wrap Fee Program, program clients should review the sponsor’s ADV Part 2A - Appendix 1, Wrap-Fee Program Brochure, for program details, minimum portfolio size, fees and disclosures.

GLOBALT offers its model portfolios to third parties, such as other investment advisers, broker-dealers and other financial intermediaries through a Unified Managed Account (UMA) platform or similar structure. GLOBALT provides model changes and rebalancing triggers to these third parties but has no responsibility for implementing its recommendations or placing trades on behalf of participating accounts. The third parties determine the applicability, timing and execution of implementation of the model portfolios for their applicable clients. In these arrangements, GLOBALT may not have an advisory agreement directly with the client. In exchange for providing services, GLOBALT receives a portion of the fees paid by the clients to the sponsor. In some cases, GLOBALT may agree to provide investment advisory services or tools, such as an Investment Objective Questionnaire or Risk Tolerance Questionnaire that may assist the participants in identifying the appropriate investment strategy to select, to retirement plan sponsors or third-party providers.

GLOBALT is the sub-adviser to the Sentinel Georgia Municipal Bond Fund ("Fund"), advised by Sentinel Asset Management, Inc., and distributed by Sentinel Financial Services Company. The Fund is managed in accordance with its defined investment objective, strategy and restrictions as approved by the Fund's Board of Directors or other governing body, as applicable.

GLOBALT offers equity, fixed income and asset allocation strategies. Within the team-based approach, the goal of the investment process is to strive to deliver competitive returns versus the appropriate benchmark. For ongoing management of each strategy below, the minimum portfolio size is listed. In our sole discretion, we may accept portfolios below these stated minimums. Separately managed account/wrap fee program clients may be subject to different minimum portfolio sizes and fee schedules, as determined and disclosed by the program sponsor.

## **Equity Strategies**

### Large Cap Core

This diversified equity portfolio consists primarily of large cap U.S. equities representing multiple sectors and/or industries and includes securities characteristic of the S&P 500 Index. Minimum portfolio size is \$1 million.

### Large Cap Core Growth

This diversified equity portfolio consists primarily of large cap U.S. growth equities representing multiple sectors and/or industries and includes securities characteristic of the S&P 500 Index. The strategy focuses on higher growth and lower income investments. Minimum portfolio size is \$1 million.

### Large Cap Opportunistic Growth

This diversified equity portfolio consists primarily of large cap U.S. growth equities representing multiple sectors and/or industries and includes securities characteristic of the Russell 1000 Growth Index. Minimum portfolio size is \$5 million.

### Equity-Income

The Equity Income Strategy is a diversified equity portfolio which consists primarily of large cap U.S. equities and exchange-traded funds representing multiple sectors and/or industries and includes securities characteristic of the S&P High Yield Dividend Aristocrats Index, an index "designed to measure the performance of the 60 highest dividend yield S&P Composite constituents which have followed a managed-dividends policy of consistently increasing

dividends every year for at least 25 years.” The Strategy has a yield target at least 1.5x that of the S&P 500 Index. The portfolio has a minimum target to invest 90% of holdings in dividend paying securities. Minimum portfolio size is \$1 million.

#### Balanced

This diversified multi-strategy portfolio invests in both large cap U.S. equities and investment grade fixed income securities. The portfolio intends to maintain a 60% equity/40% fixed income allocation, although market and economic conditions may cause the allocation to vary. Minimum portfolio size is \$1 million.

### **Fixed Income Strategies**

#### Short Term Fixed Income

This fixed income portfolio is managed and monitored for maturity and duration comparable to Barclays Capital 1-3 Year Government/Credit Index. These portfolios primarily invest in high quality U.S. fixed income securities with average maturity between 1 and 3 years. Minimum portfolio size is \$1 million.

#### Intermediate Term Fixed Income

This fixed income portfolio is managed and monitored for maturity and duration comparable to the Barclays Capital Intermediate Government/Credit Index. These portfolios primarily invest in high quality U.S. fixed income securities with average maturity between 2 and 5 years. Minimum portfolio size is \$1 million.

#### Long Term Fixed Income

This fixed income portfolio is managed and monitored for maturity and duration comparable to the Barclays Capital U.S. Aggregate Index. These portfolios primarily invest in high quality U.S. fixed income securities with average maturity greater than 5 years. Minimum portfolio size is \$1 million in size.

#### Intermediate Term Government

This fixed income portfolio is managed and monitored for maturity and duration compared to Barclays Capital Intermediate Government Index. These portfolios primarily invest in U.S. government securities with average maturity between 2 and 5 years. Minimum portfolio size is \$1 million.

#### Short Term Government

This fixed income portfolio is managed and monitored for maturity and duration compared to Barclays Capital 1-3 Year Government Index. These portfolios primarily invest in U.S. government securities with average maturity between 1 and 3 years. Minimum portfolio size is \$1 million.

### **innovatETF Strategies®**

The innovatETF Strategies employ an asset allocation strategy primarily using exchange-traded funds (ETF). Portfolios are then constructed to meet the investment objective based on each portfolio’s corresponding risk parameters. ETFs are selected to represent various asset classes, sectors and industries, such as:

- U.S. equities – large-cap, mid-cap, small-cap, growth, value

- Foreign equities – developed markets, emerging markets, regions and/or countries
- U.S. fixed income – corporate, government, high yield, agency, municipal
- Real estate – real estate investment trusts
- Alternatives – metals and other commodities, absolute return funds, opportunistic investments
- Foreign debt – sovereign debt, emerging debt
- Cash – cash and short-term cash equivalents

#### Ultra-Conservative

This diversified portfolio, with a fixed income bias, is designed for the cautious investor, with a low risk tolerance to equities and/or a shorter investment time horizon. This portfolio is the most defensive of the Strategies. The portfolio primarily seeks capital preservation and may have a modest potential for income. Capital appreciation is not an investment objective. Minimum portfolio size is \$100,000.

#### Conservative

This diversified portfolio is designed for the more cautious investor, one with a lower risk tolerance and/or a shorter investment time horizon. The portfolio combines modest potential for capital appreciation with potential for principal protection by investing in a diversified portfolio, generally with a fixed income bias. Minimum portfolio size is \$100,000.

#### Balanced

This diversified portfolio is designed for the investor who wants to achieve steady growth while limiting fluctuation to less than that of the overall stock market. The portfolio combines investments primarily in equity and fixed income exchange-traded funds to provide investors with balanced and varied exposure to the stock and bond markets. This portfolio is appropriate for investors who primarily seek long-term capital appreciation with a more moderate risk profile. Minimum portfolio size is \$100,000.

#### Growth

This diversified portfolio is designed for investors with a relatively high tolerance for risk and a longer investment time horizon. The main objective of this portfolio is capital appreciation, and investors should be able to tolerate fluctuations in their portfolio values. While this portfolio will experience volatility similar to that of the equity markets, exposure to fixed-income markets may lower the volatility relative to an all-equity portfolio. Minimum portfolio size is \$100,000.

#### High Growth

This diversified portfolio is designed for investors who have both a higher tolerance for risk and a long-term investment time horizon. The main objective of this portfolio is to construct a high growth portfolio. Investors should be able to tolerate substantial fluctuations in portfolio value from year to year. The portfolio seeks long-term capital appreciation through investments primarily in domestic and international equity exchange-traded funds. Minimum portfolio size is \$100,000.

#### Income-Growth

This diversified portfolio is designed for the investor looking for income, with a secondary consideration of capital appreciation. The main objective of this portfolio is to temper volatility by exposure to dividend-paying securities. Minimum portfolio size is \$100,000.



### International Equity

This diversified portfolio is designed for the more speculative investor, one with a high risk tolerance and long investment time horizon. The portfolio is a diversified multi-country portfolio with exposure to both developed and emerging markets. Minimum portfolio size is \$100,000.

As of December 31, 2012, GLOBALT's assets under management and advisement were as follows:

Discretionary	\$1,122,162,148
Non-Discretionary	N/A
<u>Total Assets under Management</u>	<u>\$1,122,162,148</u>
Assets under Advisement*	\$58,161,456

*\*Assets under Advisement include assets in programs where GLOBALT provides Model Portfolios but has no discretion to effect trades and no supervisory responsibility over the assets in the program.*

### **Item 5 – Fees and Compensation**

GLOBALT generally receives a fee from accounts based upon a percentage of assets under management, calculated according to a schedule agreed upon between GLOBALT and the Client. Fee schedules are negotiated and may vary by client, investment type, account size, specific circumstance, and/or sponsor. Fixed fees, not dependent upon a percentage of assets under management or account size, may also be indicated via client agreement. The applicable terms and conditions as it relates to a particular client, is detailed in the client's investment management agreement or correspondence. Fees are calculated quarterly based on the market value of the account and may be payable in advance or in arrears. For some accounts, the fees may be calculated based upon an average daily account balance for the period.

The advisory fee covers only the investment management and advisory services provided by GLOBALT. This fee generally does not include brokerage commissions, mark-ups and mark-downs, exchange fees, dealer spreads or other costs associated with the purchase and sale of securities, custodian fees, transfer fees, wire fees, interest, taxes, or other account expenses. All fees paid to GLOBALT for investment management and advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds in conjunction with their internal expenses. The client will be solely responsible, directly or indirectly, for these additional expenses. Refer to Item 12 for a detailed discussion of brokerage practices.

Clients may, but are not required to, grant GLOBALT the authority to debit advisory fees directly from the clients' accounts. If the client authorizes GLOBALT to debit fees, GLOBALT is deemed to have custody of the client's funds. Clients will receive a statement, usually monthly but no less than quarterly, directly from their account custodian. GLOBALT urges clients to review the information on the statement for accuracy and compare the information to any reports received directly from GLOBALT. Please refer to Item 15 of this document for additional disclosures relating to Custody.



Investment advisory agreements may be terminated by either party, without penalty, in accordance with the terms and conditions stated therein. Any such termination will not affect party's status, obligations or liabilities. If an account is terminated, the client will receive a refund of any pre-paid fees prorated based on the number of calendar days left in the quarter. Any unpaid investment management fees owed by the client will be due.

For discretionary investment advisory services, GLOBALT's standard fee schedules are as follows:

Private Client Group – Non-Institutional Accounts

First \$1 million	1.00%
Between \$1 million and \$5 million	0.70%
Between \$5 million and 10 million	0.60%
Between \$10 million and \$50 million	0.40%
Between \$50 million and \$100 million	0.30%
Above \$100 million	0.25%

Equity Strategies – Institutional Accounts

First \$10 million	0.60%
Between \$10 million and \$50 million	0.40%
Between \$50 million and \$100 million	0.30%
Above \$100 million	0.25%

Fixed Income Strategies – Institutional Accounts

First \$2.5 million	0.50%
Between \$2.5 million and \$5 million	0.40%
Between \$5 million and \$10 million	0.35%
Between \$10 million and \$20 million	0.30%
Between \$20 million and \$30 million	0.25%
Between \$30 million and \$40 million	0.20%
Above \$40 million	Negotiable

innovatETF Strategies® \*

First \$500,000	1.25%
Between \$500,001 - \$1 million	1.10%
Between \$1,000,001 - \$2 million	1.00%
Between \$2,000,001 - \$5 million	0.75%
Between \$5,000,001 - \$10 million	0.50%
Above \$10 million	Negotiable

*\*This is a flat fee versus the tiered approach utilized for other products. For example, a client with an initial portfolio size of \$1,500,000 will be billed 1.0% on the entire portfolio.*

**Separately Managed Account/Wrap Fee Programs:**

GLOBALT provides investment advisory services to separately managed account/wrap fee programs sponsored by broker/dealers, investment advisers, banks, or other financial intermediaries. The program sponsors provide a brochure detailing all applicable aspects, including program features and fees, to the program clients. Fees and features of each program offered by various sponsors may vary whereby the specific fees and features may be greater than or less than those listed above or from different sponsors. The program sponsor charges the client a fee based

on assets under management. In a wrap fee program, the fees typically include portfolio management, execution, custodial and other services provided by the sponsor or custodian. GLOBALT is generally paid a portion of the fee by the sponsor for advisory services, while the sponsor retains the remainder of the fee. For its advisory services, GLOBALT typically receives fees from the sponsor ranging from 0.30% to 0.75% per year of the value of participating accounts. For more information, including program details, disclosures, fees, and minimum portfolio size, about each wrap fee sponsor and program, clients should review the sponsor's Form ADV Part 2A - Appendix 1, Wrap- Fee Program Brochure.

Fees for investment strategy recommendations are negotiable and GLOBALT does not maintain a standard fee schedule for such services.

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

GLOBALT does not charge any clients a performance-based fee.

### **Item 7 – Types of Clients**

GLOBALT offers investment advisory services to individuals, corporations and institutions, banks and trust companies, pension and profit sharing plans, estates and trusts, charitable organizations, registered investment companies and other investment advisers.

For ongoing management of each strategy found in Item 4, the minimum portfolio size for ongoing management is listed. In our sole discretion, we may accept portfolios under these stated minimums.

With respect to separately managed accounts / wrap fee programs, clients should consult the program sponsor for detailed information on the minimums, fees, and restrictions of each program.

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

GLOBALT primarily offers three investment advisory strategies: Equity, Fixed Income and the innovatETF Strategies®. Within each of these three major investment categories, GLOBALT offers various strategy sub-categories to focus on different investment objectives, benchmarks and risk attributes. Strategies are managed by one or more portfolio managers supported by the research analysts, who collectively make up the Investment Policy Committee. The goal of the investment processes is to deliver competitive returns versus the appropriate benchmarks for each investment strategy. GLOBALT's investment evaluation places emphasis on the "weight of the evidence" approach and reliance upon quantitative, technical and fundamental analysis of issuers of equity, debt and managed securities.

The **Equity** strategies utilize a three-step approach by incorporating quantitative, technical and fundamental analysis to identify the most appropriate securities for each investment strategy. For the quantitative analysis, GLOBALT begins with a proprietary database of over 10,000 companies, and scores the companies for historical and prospective growth and value in order to identify attractive companies with scores in the top 40% of the universe. GLOBALT continues with

technical analysis to identify those companies with an attractive technical outlook, based upon relative strength by sector, by company and overall price trend analysis. Utilizing fundamental analysis, these portfolio candidates are then evaluated for global competitiveness, industry leadership, sector risks (including economic, political, regional risks) and company specific risks (including pricing valuations, product cycles, margins, legal, etc.) to determine potential additions to or deletions from the portfolios.

The **Fixed Income** strategies utilize a four-step approach to identify the securities most appropriate for each portfolio: identifying secular trends; evaluating cyclical patterns; security selection and sector allocation; and ongoing monitoring. To identify secular trends, the GLOBALT team evaluates monetary and fiscal policy, unemployment trends, inflation, risk premiums and GDP. Cyclical patterns are identified by evaluating market sentiment, sector rotation and structural preferences. Securities are identified for inclusion in the portfolio by incorporating sector allocation (including the appropriate benchmark weightings, relative value and specific sector trends) and security selection (using credit research and supply/demand for specific securities). Each position is continually monitored to determine whether any changes to the investments are warranted.

The **innovatETF Strategies®** utilize a proprietary asset allocation approach, developed by GLOBALT with the resources of Ned Davis Research. Our goal is to focus on and develop the appropriate asset allocation strategies and to actively rebalance as market and economic conditions warrant using a strategic and tactical approach. The strategies invest primarily in exchange-traded funds (ETFs) representing various asset classes, sectors, industries, regions or countries required for each portfolio to meet its investment objective. GLOBALT begins with an assessment of major asset classes and approximately 150 external factors and variables (such as economic conditions, political, market sentiment, government policies and market indicators). The strategic approach allocates investments across multiple asset classes, and the tactical evaluation considers country, market, sector, and asset class momentum. The analysis process along with a risk/volatility assessment determines the most attractive relative asset class weightings.

GLOBALT offers diversified strategies with capital appreciation as a primary investment objective as well as strategies with objectives for income and for international exposure. In the income-growth strategy, the portfolio manager may utilize bonds, fixed income, common & preferred stock, REITS, and other income-generating securities with the ETFs.

#### **Summary of Material Risks:**

Investing in securities involves risk of loss that clients should be prepared to assume. GLOBALT uses its best judgment and good faith efforts in providing advisory services to clients. GLOBALT cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by GLOBALT will be profitable. GLOBALT primarily manages risk through the quantitative, technical and fundamental analysis on equity, fixed income, and asset allocation strategies. Our Investment Policy Committee, comprised of the portfolio managers and research analysts, is largely responsible for monitoring risk in the strategies, portfolios and at the individual security selection level. Strategies and portfolios are monitored against their applicable benchmarks. GLOBALT is not able to mitigate, project or anticipate all risks that may impact strategies, portfolios, and securities, therefore it recommends diversified portfolios constructed to meet the client's goals and objectives.

Investments in securities are subject to various risks. Appendix A: Risk Definitions provides term definitions associated with these risks, including but not limited to:

- *General Investing Risks:* Over time, investments may be volatile, experience sharp declines in value, and may result in losses. General investing risks include but are not limited to economic, market and sociopolitical risks, business cycle risks, inflation and interest rate risks, liquidity risks, diversification risks, tax risks, legal or regulatory risk, commodity price risk, currency and foreign exchange risks. The specific risks associated with particular strategies depend upon the approaches used and the extent to which the strategy employs certain portfolio management techniques, including diversification.
- *Active Management Risks:* GLOBALT's subjective investment decisions, supported by the quantitative, technical, and fundamental analysis, may result in a client portfolio incurring losses or missing profit opportunities. Risks associated with active management include model risk, timing risk of purchases or sells, industry and security selection risk, correlation risk and tracking error risk, on a daily or aggregate basis. Other factors which may impact the strategies include fees, trading expenses, regulatory policies, correlation and index composition changes, and turnover rate,
- *Equity Investing Risk:* In addition to the General Investing Risks and Active Management Risks, strategies that are equity focused may be sensitive to security selection, specific events with the issuers or sectors and industries. market capitalization, earnings, liquidity and valuation,
- *Fixed Income Investing Risk:* In addition to the General Investing Risks and Active management Risks, strategies that are fixed income focused involve a number of material risks including but not limited to yield curve, inflation, credit rating and issuer quality risk, call risk, counterparty risk, availability, diversification risk, reinvestment risk, and valuation risk,
- *Exchange Traded Fund Risk:* In addition to the risks identified above, exchange traded funds (ETFs) or similar security types may be subject to tracking error risks, dispersion risk, trading volume risk, expenses and fee risk, and time horizon risk.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of GLOBALT or the integrity of GLOBALT's management. GLOBALT has no disciplinary events to report.

## Item 10 – Other Financial Industry Activities and Affiliations

GLOBALT is a separately identifiable division of Synovus Trust Company N.A. Synovus Trust Company is a wholly owned subsidiary of Synovus Bank. Synovus Financial Corp, parent of Synovus Bank, is a financial services company and a registered bank holding company headquartered in Columbus, Georgia. Synovus provides integrated financial services including commercial and retail banking, financial management, insurance and mortgage services to its customers through locally-branded banking divisions of its wholly-owned subsidiary bank, Synovus Bank, and other offices in Georgia, Alabama, South Carolina, Florida and Tennessee.

As a separately identifiable division of Synovus Trust Company N.A., GLOBALT is under common control with the following entities that have material business arrangements with GLOBALT.

Certain employees, directors and members of GLOBALT's executive management may also serve as employees, directors and/or executive management of these entities:

Synovus Securities, Inc.  
1137 First Avenue, 2<sup>nd</sup> Floor  
Columbus, GA 31902

Creative Financial Group, a division of Synovus Securities, Inc.  
1000 Abernathy Road, Suite 1500  
Atlanta, GA 30328

Synovus Bank (a Georgia state chartered bank)  
1111 Bay Avenue #500  
Columbus, GA 31901

GLOBALT manages accounts and/or provides other investment advisory services, such as general model advice, for clients of Synovus Trust Company.

GLOBALT is a portfolio manager in wrap-fee programs sponsored by Synovus Securities, Inc. ("SSI"). GLOBALT receives a portion of the wrap fee SSI charges to clients. SSI may also receive additional compensation directly from National Financial Services (NFS), the clearing firm used by SSI, on behalf of these accounts. NFS may pay SSI a percentage of the uninvested cash and/or the balance maintained in a money market sweep vehicle. GLOBALT does not receive any portion of these additional fees.

GLOBALT provides model portfolios to Creative Financial Group ("CFG"), a division of Synovus Securities, Inc. CFG retains all responsibility for implementation of the model in its clients' accounts and pays a fee to GLOBALT based on the assets invested in the models. GLOBALT does not have any ongoing management or supervisory responsibility with respect to CFG client accounts.

As a separately identifiable division of Synovus Trust Company N.A., no GLOBALT employees, other than compliance personnel, are registered representatives of Synovus Securities Inc. Other Synovus Trust Company personnel, not associated with the GLOBALT division, may be registered representatives of Synovus Securities, Inc.

GLOBALT serves as sub-adviser to the Sentinel Georgia Municipal Bond Fund ("GA Muni Bond Fund"). The GA Muni Bond Fund is an open-end mutual fund that invests in investment grade municipal securities exempt from federal and Georgia-state income taxes. As a separately identifiable division of Synovus Trust Company N.A., GLOBALT does not purchase, sell or otherwise recommend the GA Muni Bond Fund to clients. Synovus Trust Company, for its separate customers, and other affiliates such as Synovus Securities, Inc. may occasionally recommend the GA Muni Bond Fund to their respective clients. Synovus Trust Company does not directly receive compensation from GLOBALT's advisory services to the Georgia Muni Bond Fund, but Synovus Trust Company is indirectly benefited because the Georgia Muni Bond Fund may make certain payments to a Synovus Trust Company sub-contractor.

## Item 11 – Code of Ethics

### Code of Ethics

GLOBALT's Code of Ethics (the "Code") sets forth a professional business standard to guide GLOBALT and its employees to place the clients' interests before its own. No person shall prefer his or her own interest to that of the advisory client. GLOBALT requires all individuals to act in accordance with all applicable federal, state and regulatory agency regulations governing investment advisory practices. The standards of conduct outline our fiduciary responsibilities and the Code includes our policies related to insider trading, personal securities transactions, privacy of client information and reporting requirements.

Certain GLOBALT and Synovus officers, members, and employees ("Related Persons") are also clients or investors. GLOBALT may invest client accounts in, among other things, securities in which GLOBALT or its Related Persons have a financial interest. GLOBALT or its Related Persons may purchase for themselves securities or other investments which one or more clients own, previously owned, or will own in the future. As these situations may represent a potential conflict of interest, GLOBALT has adopted procedures relating to personal securities transactions and insider trading, both of which are described below, that are reasonably designed to prevent actual conflicts of interest. There may be times when the sale or purchase of a security for a Related Person may precede, occur at the same time, or follow the sale or purchase of a security for a client, subject to the overriding principle that the interests of clients must come before the interests of GLOBALT or its Related Persons.

GLOBALT's Code of Ethics is reasonably designed to ensure that the personal securities transactions and interests of the employees will not interfere with making decisions in the best interest of clients. Nonetheless, because the Code permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employees are required to get pre-clearance prior to executing transaction in certain securities. Certain investment transactions, such as Initial Public Offerings and Private Placements, may be prohibited or subject to the pre-clearance requirement. Employees are required to provide a quarterly report to the Chief Compliance Officer, or other designated person showing investment transactions in their personal accounts, as well as disclosing annually all securities held on their behalf. Certain securities are exempt from reporting based upon the determination that these would not pose any material conflicts. These reports are monitored regularly to reasonably prevent conflicts of interest between GLOBALT and its clients.

GLOBALT, directly or through an affiliate, may manage simultaneously parallel accounts in some cases with the same portfolio managers, with similar objectives, but with differing fees to GLOBALT. GLOBALT may, from time to time, unknowingly recommend the purchase or sale of securities in which Synovus, or another affiliate, has a position or interest or does business. Synovus' many affiliates with multiple lines of business make this likely. GLOBALT's policy is to manage each account independently and fairly and recognizes and seeks to control the conflicts of interests inherent in such practices. In general, GLOBALT has a policy under which most investment advisory activities are generally autonomous from any investment or other securities activities of the Synovus affiliated banks and companies. This investment philosophy is designed to prevent GLOBALT's personnel from having knowledge of the business and investment activities carried on by those banks and companies for their own accounts, other than in a fiduciary capacity, and vice versa. To the extent that GLOBALT advises or subadvises client accounts for affiliates, GLOBALT is responsible for and knowledgeable about such affiliates' client accounts, and certain affiliate



personnel will receive information about GLOBALT investment activity for the account. Synovus Trust Company personnel who receive subadvisory services from GLOBALT also may have information about GLOBALT investments. Some GLOBALT officers may also have officer titles at other Synovus affiliates. The sale or other sharing of or shared access to research or other information might allow its recipient to compete with or precede GLOBALT with respect to an investment opportunity on behalf of itself or its clients. For example, because GLOBALT utilizes a Synovus affiliate to process some of its client transactions, certain Synovus employees may also perform personal and non-GLOBALT client trading that poses conflicts of interest with GLOBALT client transactions.

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting GLOBALT's Chief Compliance Officer, Jonathan Kaufman, at 404-720-5847.

## **Item 12 – Brokerage Practices**

GLOBALT has discretion over those accounts under its management as specified in the contractual advisory agreement it enters into with the client. Under that agreement, GLOBALT determines which securities are bought or sold for an account, the amount of such securities and the timing of the purchases and sales. Except as specifically directed by the client, GLOBALT determines the broker through which transactions are effected and the commission rates or spreads paid. GLOBALT buys or sells specific securities in amounts consistent with the client's defined strategy, any imposed trading or security restrictions, objectives and tolerance for risk.

Obtaining best execution is an important aspect of every trade that we place in client accounts. Best execution can be described as seeking the most favorable terms for completing client transactions considering all relevant circumstances at the time. GLOBALT has a Trade Oversight Committee that administers our Best Execution Policy and provides oversight of its trading practices, including execution quality, soft dollars, directed brokerage, broker selection, and trade aggregation. The goal of the Trade Oversight Committee is to take a best practices approach to trading to ensure transactions are executed in a manner that is most beneficial to our clients.

GLOBALT selects broker/dealers, including affiliated brokers/dealers, for client transactions by seeking to obtain the best overall execution for the transaction. Commissions and related transaction costs are an important factor in this determination, but a number of other judgment factors may also be considered. These factors include, without limitation:

- Nature of the security being traded
- Size of the transaction
- Client-specific needs and circumstances
- Broker's stability, financial standing and business circumstances
- Broker's execution, clearance and settlement capabilities
- Past experience with a particular broker
- Research services available from the broker

Brokers are evaluated by the Investment Policy Committee (IPC), Research and Trading. An approved broker list is developed to rank the brokers based on the quality of overall services provided by the broker. Trading may provide alternative trading solutions, from time to time, when it is in the client's best interest. The IPC and Trading sets targets for the approximate amount of



commissions to direct to each broker. The Trade Oversight Committee reviews the broker selection process, including the review of commissions subject to any soft dollar arrangements. The IPC can revise the approved broker list by adding or deleting brokers as deemed necessary. In limited circumstances, traders are permitted to use brokers that are not on the approved list; however, trading activity is reviewed and monitored by the Trade Oversight Committee.

Soft dollar practices or arrangements refer to the practice of an investment adviser paying brokers for investment research and other brokerage services, either provided directly by the brokers or by others (known as third party providers), using commission dollars generated by client transactions. Section 28(e) of the Securities Exchange Act permits advisers to use soft dollars, whereas a portion of client commissions is used to purchase research and brokerage services that assist the adviser in managing client accounts. Under the soft dollar arrangements, GLOBALT receives both proprietary research created and developed by the brokers as well as third party research. The types of eligible research includes, but is not limited to: research reports on companies, industries and sectors; economic and financial data; financial publications; market data and quotations services; asset allocation; and portfolio analytics.

The following list describes specific research products GLOBALT receives with soft dollar benefits. The list is subject to change without notice.

- Thomson Reuters (Markets) LLC: including products of Vestek Systems, Baseline, First Call and Thomson One to provide advanced analytics used for portfolio modeling, Wall Street research and analytics, market data, security-level and portfolio-level analysis, earnings estimates, historic earnings, macroeconomic trends, analyst reports, earnings surprises and analyst revisions, and corporate events.
- Ned Davis Research: Equity and fixed income market data, sectors and industries, individual security analysis, asset allocation charts and asset class rankings.

GLOBALT recognizes that using client commissions for research products creates a conflict of interest because GLOBALT does not have to pay for the products. This may give GLOBALT an incentive to use a particular broker/dealer based on GLOBALT's interest in receiving the products rather than the client's interest in receiving the most favorable execution. Clients may pay more than the lowest available commission for executing a transaction in order for GLOBALT to receive these benefits. Nonetheless, GLOBALT believes the commissions paid by the client are reasonable in relation to the value of the research and brokerage services received from the broker/dealers and/or third-party providers.

While GLOBALT intends to use all research products and brokerage services obtained through soft dollar arrangements to benefit all client accounts, the brokerage commissions paid by a client may be used to pay for research that is not used in managing that particular client's account.

Clients may direct GLOBALT to use a particular broker/dealer to execute client transactions. Clients that choose to designate a particular broker/dealer should consider that such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on transactions than might otherwise be attainable by GLOBALT or the client may receive less favorable execution. Directing brokerage impedes GLOBALT's ability to include the client's account in block trades on the same terms as non-directed clients. Transactions for directed clients are typically placed after transactions where GLOBALT has the discretion to choose the broker.

When placing trades for directed accounts, GLOBALT seeks to ensure that, over time, no client or group of clients is disadvantaged by GLOBALT's trading practices. GLOBALT implemented a trade rotation schedule specifically pertaining to directed accounts that assigns each broker a position in the trading queue. Each week that position rotates such that the broker whose trades are executed first will subsequently be executed last the following week. This ensures that no client or group of clients is given preferential treatment. Likewise, no client or group of clients is consistently disadvantaged.

By directing GLOBALT to use a specific broker/dealer, clients who are subject to ERISA confirm that they have the authority to make the direction; that there are no provisions in any client or plan document which are inconsistent with the direction; that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries; that the amount paid for the brokerage and other services has been determined by the client and the plan to be reasonable; that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay; and that the designated broker/dealer is not a party-in-interest of the client or the plan as defined under applicable ERISA regulations.

With respect to separately managed accounts / wrap fee programs, GLOBALT will, subject to its duty to seek best execution, execute trades through the sponsoring broker. Since no additional commissions are charged to execute transactions through the sponsor, best execution is typically achieved through the sponsor.

In accordance with GLOBALT's goal to achieve best execution for client transactions and when appropriate to do so, GLOBALT may aggregate individual client orders into a larger order with the intention of achieving more favorable execution and preferential commission rates. When a trade is completed, each account participating in the trade may receive the average price of the transaction. In the event a trade is not filled in its entirety, GLOBALT will allocate shares to each account participating in the trade on a pro rata basis. To the extent that the limited availability of a security would result in a de minimus allocation, GLOBALT may exclude those accounts from the order. In some situations, in an effort to achieve best execution as well as to aggregate prices among many accounts, step outs are used. In a step out, one broker, the executing broker, executes a block trade and then gives up ("steps out") the shares to one or more brokers. These brokers will directly bill these shares to the client accounts as if they were the executing broker. Step outs are transparent to the clients as the only confirms they receive are from their broker. Generally, the executing broker will charge a mark-up to execute the order.

With respect to Initial Public Offerings (IPOs), it is unlikely GLOBALT will receive the entire allotment of shares requested. If GLOBALT receives at least 25% of the allotment of shares requested, shares will be allocated pro rata to all fully discretionary accounts within the investment strategy intended for the shares (i.e. Large Cap Core Growth, Large Cap Opportunistic Growth, etc.) If the allotment is less than 25% of the requested amount, GLOBALT will allocate shares based on the random selection feature in its trade order management system. This could result in some account receiving all shares requested, some accounts receiving a portion of the shares requested, and some accounts receiving no shares at all. To participate in any IPO, accounts must have the available cash at the time of the trade. GLOBALT will not allow an account to participate in an IPO and immediately sell the shares to cover the cost of the purchase.

When aggregating trades, executing brokers may use fee schedules that apply break points based on the size of the trade or they may impose a minimum ticket charge resulting in higher per share costs to the client. As a result, clients participating in the same transaction may pay different commissions.

### **Item 13 – Review of Accounts**

GLOBALT assigns each account to a portfolio manager. Each account is defined to a specific investment strategy, as described in Item 4 above. Portfolio managers regularly review each strategy with support from the research analyst's team that collectively comprises the Investment Policy Committee (IPC). The IPC meets one or more times each week to discuss market-related issues, changes to companies in the GLOBALT universe, and to review the status of the managed strategies. Within the IPC, the asset allocation strategies are reviewed on a monthly basis or more frequently, as warranted. Portfolio Managers are responsible for ensuring that the accounts and securities selected comply with the investment objectives of the particular strategy. The Client Administration department regularly reviews cash flows and cash balances to identify accounts in need of rebalancing.

Clients receive account statements directly from their custodian usually monthly, but no less frequently than quarterly. GLOBALT also sends quarterly reports to clients that may include holdings, valuations and/or performance. Clients may request reports more frequently or as needed. Clients in separately managed accounts or in a wrap fee programs typically receive reports directly from the sponsor. Depending on the sponsor and the program, GLOBALT may provide quarterly reports as well. In addition to these reports, correspondence, including quarterly review and economic outlook reviews may be provided to clients. GLOBALT urges clients to compare information contained in its reports with information contain in the report received directly from the account custodian.

### **Item 14 – Client Referrals and Other Compensation**

GLOBALT may, from time to time, enter into agreement(s) with unaffiliated third party solicitors that refer clients to GLOBALT. In accordance with SEC Rule 206(4)-3, GLOBALT may pay the solicitor a fee, which is usually a percentage of the applicable advisory fee or a finder's fee as appropriate. Clients do not pay a higher investment advisory fee as a result of the referral. Solicitors are required to meet certain statutory qualifications and provide to each referred client a Solicitor's Disclosure Document which details the terms of the agreement, including the amount of the compensation, between the solicitor and GLOBALT.

GLOBALT entered into solicitor agreements with several affiliated entities, including but not limited to Synovus Securities, Inc. and Synovus Bank. Representatives of each affiliate can refer clients to GLOBALT and, in exchange, receive a portion of the management fee paid by the client. Referral fees can range anywhere from 10% to 50% of the management fee. The client does not pay a higher fee as a result of the referral arrangement. The client enters into an investment management agreement directly with GLOBALT. SSI and the affiliates provide no additional advisory services with regard to the assets referred to GLOBALT under the Solicitors arrangement

GLOBALT has an agreement with Charles Schwab & Co., Inc., an unaffiliated broker-dealer ("Schwab") to participate in Schwab's AdvisorNetwork program. AdvisorNetwork is a referral service designed to assist Schwab clients in finding an independent investment adviser. GLOBALT agrees to pay Schwab a fee for participating in the Service. This fee covers all client referrals made to GLOBALT by Schwab, and may be increased, decreased or waived by Schwab from time to time. Clients referred by Schwab do not pay a higher fee as a result of the referral. Participation in AdvisorNetwork could cause a potential conflict of interest, as GLOBALT may be compelled to recommend Schwab for custody and execution services for clients referred by Schwab. Nonetheless, GLOBALT has a fiduciary duty to its clients and is obligated to act in the best interest of its clients at all times. Additional information about GLOBALT's brokerage practices is detailed in Item 12.

### **Item 15 – Custody**

Synovus Trust Company N.A. may maintain custody or possession of client funds or securities; thus GLOBALT, as a separately identifiable division of Synovus Trust, may be deemed to have custody of those accounts. Clients should receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains client's investment assets. Custodial statements include account holdings, market values and any activity that occurred during the period, including the deduction of applicable investment advisory fees. Clients are encouraged to carefully review such statements and compare such official custodial records to the reports GLOBALT may provide. GLOBALT's reports may vary from the custodian statements based upon accounting procedures, reporting dates, or valuation methodologies of certain securities.

Accounts associated with Synovus Securities, Inc. ("SSI") are generally held in custody at SSI, through SSI's clearing firm, National Financial Services, LLC. There are also clients whose assets are held in custody by Synovus Trust Company. GLOBALT has determined that both SSI (through NFS) and Synovus Trust Company meet the definition of qualified custodian.

In addition, GLOBALT has "custody" because investment advisory fees are directly debited from client accounts. Debiting of fees is done pursuant to authorization provided by each client. The client account's custodian, such as NFS, furnishes account statements, usually monthly but not less than quarterly, directly to clients. However, GLOBALT must be reasonably certain that the client's qualified custodian provides at least quarterly statements directly to them.

In order to comply with the custody rules, GLOBALT engages an independent public accountant to perform an internal controls audit on the operations of certain affiliates and also to conduct a surprise examination of any accounts over which GLOBALT is deemed to have custody. Audits are performed annually.

### **Item 16 – Investment Discretion**

GLOBALT receives discretionary authority from the client at the outset of an advisory relationship, as established with the investment advisory agreement. This discretionary authority authorizes GLOBALT to determine the specific securities to be bought or sold, the amount of securities to be bought or sold, the broker or dealer used to execute trades and the commission rate paid by clients, consistent with the stated objectives, policies, limitations and restrictions for the particular client

account. A client may, with GLOBALT's consent, impose restrictions or limitations on investments in certain securities, types of securities, or industries in its account. These limitations or restrictions are negotiated individually with each client at the relationship outset and may be modified by notifying GLOBALT in writing.

For advisory services to any registered investment companies GLOBALT is subject to any applicable investment restrictions adopted by the company, as well as the ongoing oversight of any associated Board or other governing body as applicable. GLOBALT also offers non-discretionary investment advice through Unified Managed Accounts or similar platforms where GLOBALT provides Model Portfolio recommendations but has no responsibility for effecting trades on behalf of any client.

### **Item 17 – Voting Client Securities**

GLOBALT may choose to, but is not required to, vote proxies on a client's behalf. Clients that retain proxy voting responsibilities will receive all issuer communications from their custodian.

Upon written request by the client (including a "named fiduciary" under ERISA) or as required in plan documents, GLOBALT will vote proxies in accordance with GLOBALT's proxy policies. When the responsibility to vote proxies has been assigned to GLOBALT, our utmost concern is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). GLOBALT will act in a prudent and diligent manner intended to enhance shareholder value. In an effort to make more informed proxy voting decisions, GLOBALT hired Glass Lewis & Co. LLC to act as our proxy advisor. Glass Lewis provides GLOBALT with in-depth research on proxies issued by the companies in our clients' portfolios and voting recommendations for proposals contained in those proxies. GLOBALT has complete decision-making authority and instructs Glass Lewis whether to vote in accordance with or contrary to their recommendations. GLOBALT will vote proxies and act on other corporate actions in a timely manner as part of its full discretionary authority over client assets. Corporate actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings, and class actions.

In situations where a material conflict of interest arises between GLOBALT and an issue on the ballot (i.e., where GLOBALT or its affiliates have a financial interest in the outcome of the vote), GLOBALT, in accordance with the pre-determined proxy policy, would vote proxies based on the recommendation of our independent third-party advisor (Glass Lewis).

Clients can receive a copy of GLOBALT's Proxy Voting Procedures or obtain information on how votes were cast on their behalf by making a written request to Jonathan Kaufman, Chief Compliance Officer.

### **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. GLOBALT has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## Appendix A: Risk Definitions

All investments offer a balance between risk and potential return. Generally speaking, a typical investor will take on more investment risk in exchange for the opportunity for greater return. Item 4 above details GLOBALT's Advisory Business, including the investment services offered to clients. The risk definitions below are intended to assist the client in understanding the risks associated in investing in our strategies and to provide information related in making informed investment decisions. The terms listed below are not comprehensive to all potential investment risks and may not be applicable for all investment strategies.

<b>Business Cycle Risk</b>	The risk that cyclical business cycles, with periods of peak performance followed by a downturn, then a trough of low activity, affect the returns of an investment, an asset class or an individual company's profits.
<b>Call Risk</b>	See reinvestment risk. Some corporate, municipal and agency bonds have a "call provision" entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor's principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates than they may have had prior.
<b>Commodity Price Risk</b>	The possibility that fluctuations in the price, shortage or overabundance of material inputs, such as fuel, energy, raw materials, metals, manpower, etc. will materially impact operating a company, production of goods/services or reduce the attractiveness or price of an investment.
<b>Composition Risk</b>	The possibility that changes in an index, resulting from security membership, market capitalization and weighting, and investment guide changes may increase the relative dispersion for a strategy and result in unexpected performance variance. Security membership, being added, reduced or weight changed, in an index may result in security prices changes.
<b>Consumers Risk</b>	The risk when clients are exposed to unsuitable investments that they do not fully understand.
<b>Correlation Risk</b>	See Diversification Risk - When portfolio holdings are too highly correlated with each other, meaning that the move up and down in value together, there may be insufficient diversification to counter market or security risks.
<b>Counterparty Risk</b>	Also called default risk. Counterparty risk occurs when one or more parties to an agreement, such as a bond, defaults and does not fulfill their contractual obligation, such as payments or principal. For example, a bond issuer with a lower quality rating may have a higher default risk and its bonds will need to pay a higher yield than an issuer with a higher rating.
<b>Credit Rating / Issuer Quality Risk</b>	Credit rating agencies provide analysis and comparative opinions on the bond issuer's ability and willingness to meet its financial obligations. For bond holders, risk occurs when the opinion changes, resulting in a lower rating, which may decrease the current holding value and may make it more expensive, in the form of higher interest rates, for the issuer to raise new debt to meet future obligations. Credit ratings are not indications of investment merit, but are a significant factor in the investment decision. Generally, the higher the credit rating, the higher the bond price relative to the yield rate.



<b>Currency / Foreign Exchange Risk</b>	Also called foreign exchange risk and implies international investing: the possibility that the relative change in currency value from one country to another will reduce the investment value when converted back from one currency to the other.
<b>Dispersion Risk</b>	The uncertainty risk associated when an investment strategy is not in accordance with its model, resulting in performance or risk that is less or greater than expected.
<b>Diversification Risk</b>	Diversification means to reduce risk by investing in a variety of assets, and generally in assets that do not move up or down in value together (correlate). There are two forms of diversification risk: A portfolio that is relatively undiversified, such as having a single security or positively correlated holdings may be more volatile and value sensitive to the security's market actions. A portfolio that is too diversified may result in a proxy for an index, and not provide acceptable returns relative to the fees or expenses incurred with a managed account.
<b>Economic Risk</b>	The risk that economic conditions, such as government regulations, tax policies, political or social instability, workforce, or exchange rates will negatively affect investments, usually one in a foreign country. Economic risk is one of the reasons why international investing, especially in emerging countries, carries more risk than domestic investing.
<b>Expenses and Fees Risk</b>	Exchange traded funds, like mutual funds, generally incur operating expenses for management, record-keeping, custodial services, taxes, legal, accounting and audit fees, which are taken from the fund's assets and lower investor return. Different funds may have different expenses and fees ratios, relative to the fund assets. Therefore, selection of a fund with higher expenses and fees may have lower performance than a comparable fund with a lower expense ratio.
<b>Industry Risk</b>	The possibility of investment losses related to a specific industry or market sector stemming from economic or regulatory change, instability, volatility or market shift from a particular industry. These losses may increase in relation to overall portfolio weighting towards that industry.
<b>Inflation Risk</b>	Inflation causes tomorrow's dollar to be worth less than today's. Inflation reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.
<b>Interest Rate Risk</b>	The possibility that the value of a security, especially a bond, will reduce as a resulting from a rise in interest rates.
<b>Legal Risk</b>	The risk that a legal contract or financial transaction won't be fulfilled because it breaks a law or there is a regulatory conflict. In addition, companies involved in legal actions may have to increase cash reserves for settlement, which may restrict their growth ability, lower their relative profit or income potential, and be more volatile.
<b>Liquidity Risk</b>	The risk that investors may have difficulty finding a buyer when they want to sell a security and may be forced to sell at a significant discount to its expected market value. Liquidity risk is greater for thinly traded securities.



**Market Capitalization Risk**

A company's market capitalization, one measure of potential growth, is the value calculated from the company's shares outstanding multiplied by the price per share. The basic market cap categories are large-cap, mid-cap and small-cap. Large-cap stocks, representing companies over \$10 billion in size, are generally researched and followed more by analysts or investors. Many large-cap companies are called "Blue Chips". Large-caps historically experience comparatively slower growth, with less risk, than smaller-sized companies. Smaller-sized companies typically are not as financially strong but are expected to grow at a faster rate with greater investment return potential. Smaller-sized companies and funds may experience greater up/down price and value volatility.

Within investment guidelines, many strategies, ETFs or mutual funds focus their funds in investing in specific market cap sized companies. Market capitalization risk exists when comparative-sized companies, such as large, mid- or small-caps as a whole and the ETFs and funds targeted to the cap, would decline, bringing the associated values down regardless of the fundamental characteristics or investment potential. Strategy allocations that over- or under-weight asset classes, including market caps, may have greater volatility, missed return potential, or relative loss.

**Market Risk**

Also called systematic or undiversifiable risk: The risk that the stock or bond market as a whole would decline, bringing the value of individual securities down with it regardless of their fundamental characteristics or investment potential.

**Model Risk**

The possibility that the analysis, investment or allocation decisions for a strategy model may be unreliable or provide incorrect signals in volatile market conditions.

**Regulatory Risk**

The risk that a change in laws and regulations will materially impact, increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape for a security, business, sector or market.

**Reinvestment Risk**

Also see inflation risk. Risk occurs, especially in a declining interest rate environment, when an income producing bond or security is sold or called and the reinvested funds may yield a lower rate than the original security. The reinvested assets may provide a lower cash flow than expected or required to meet the investor's investment objectives.

**Security Selection Risk**

The risk that an investor chooses a security that underperforms the market for reasons that cannot be anticipated. The possibility of investment losses related to a specific company or security stemming from economic or regulatory change, business climate, earnings surprise or legal action relative to a specific company. These losses may increase in relation to the security's overall portfolio weighting.

**SocioPolitical Risk**

The danger that political or cultural changes or instability in a location or a country could turn against an investment.

<b>Tax Risk</b>	For taxable accounts, the possibility that the security holdings, interest, dividends and timing of the buys/sell transactions will increase one's tax liability. Tax risk may also occur when investing just prior to dividend or capital gain activities for ETFs or mutual funds.
<b>Time Horizon Risk</b>	Investment time horizon generally reflects the total length of time the investor expects to invest before the assets are utilized for their financial goal, such as retirement income. Because different security types, such as equities, bonds and cash have different reward and risk characteristics, a client's time horizon is important in influencing the investment and strategy decisions. Generally, the shorter the client's time horizon, the less time available to the client to recover from any incurred losses.
<b>Timing Risk</b>	The risk that an investment performs poorly after its purchase or better after its sale. This risk may reflect security selection made either too soon or too late, relative to historical review, and thereby missing profit opportunities or increasing loss potential.
<b>Tracking Error Risk</b>	Also called active risk. The possibility that a security, such as ETF or mutual fund, deviates from and does not accurately track its defined index or benchmark. The fund does not work as effectively as intended, resulting in unexpected asset allocation and price behavior for the holding.
<b>Trading Volume Risk</b>	Trading volume occurs as a direct result of supply and demand. Generally, the greater the trading volume, the more liquid it is and the spread between buy/sell transactions is smaller. A lightly-traded security may have more volatile pricing, be less liquid and have higher transaction costs due the buy/sell spreads,
<b>Turnover rate Risk</b>	Turnover rate or ratio reflects the frequency that managers buy or sells securities within a portfolio. There is no turnover rate that is correct for all accounts – the rate will vary upon the strategy type, securities held, or investment conditions. In effect, a high turnover rate may reflect excessive trading, resulting in potentially higher costs or transaction expenses, increased capital gains tax liability of the portfolio, and reduced relative performance. A low turnover rate, again not conclusive, may reflect low account management activity or decreased available investment opportunities.
<b>Valuation Risk</b>	It may be difficult to price or fairly value securities that are thinly or infrequently traded, not readily accessible, illiquid, or of varying quality. In the absence of accurate security valuation, buy or sell transactions may be higher or lower than anticipated. Securities that increase or decrease in price may result in overweight or underweight conditions relative to the model or benchmark, increasing diversification risk.
<b>Yield Curve Risk</b>	The yield curve represents the relationship between rate of return or interest rates and time to maturity. For bond holders, risk occurs when bond values decrease, impacting portfolio value, when interest rates go up or when needed fixed income or cash flow decrease when bond prices go up. The yield curve will slope, up/down and widen or narrow, in relationship between short term bond yields and long term bond yields and varying maturities. To compensate for the liquidity risk of tying up one's money for long periods of time, a typical investor expects a higher rate of return for a longer time to maturity.