

STA WEALTH ADVISORS, LLC

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STA Wealth Advisors, LLC is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

This firm brochure provides information about the qualifications and business practices of STA Wealth Advisors, LLC. If you have any questions about the contents of this firm brochure, please contact us at 281-822-8800 and/or hope@stawealth.com. The information in this firm brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about STA Wealth Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 –MATERIAL CHANGES

This is STA Wealth Advisors' initial Form ADV.

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ITEM 4 - ADVISORY BUSINESS

Advisory Firm Description

STA Wealth Advisors has been in business since December 2013. The principal owners are Lance Eric Roberts, Michael Anthony Smith, and James "Luke" Patterson.

Types of Advisory Services

Investment Management Accounts

STA Wealth Advisors manages portfolios on a discretionary basis and makes arrangements for efficient custody safekeeping of assets and trade execution. STA Wealth Advisors advises its clients based on information gathered from the client. Clients are asked to complete a Client Information and Profile Worksheet, which asks for information regarding, but not limited to, net worth, investment attitude risk, and investment goals. According to the information obtained from the worksheet, as well as information obtained from the client during their meeting(s) with one of our advisors, STA Wealth Advisors will determine and discuss, with the client, an investment strategy believed to best suit the client's needs. This service is provided to individuals, 401(k) plans, and/or their participants. STA Wealth Advisors will review, supervise, and manage the account, which consists of all assets covered by the advisory agreement with the client, and all additions to the account.

STA Wealth Advisors provides advice regarding the purchase and sale of mutual funds, stocks, bonds, certificates of deposit, money market funds, government securities and obligations, debt securities, derivative securities or contracts, alternative investments, non-traded investments, and other securities. For accounts with less than \$100,000 in assets, mutual funds will be primarily recommended. There is no guarantee that the advisory services offered will result in clients' goals and objectives being met. Nor is there any guarantee of profit or protection from loss.

STA Wealth Advisors may also manage IRA accounts or other retirement accounts which are subject to the Pension Protection Act of 2006 (PPA). In all cases an, "eligible investment advice arrangement" or advisory agreement will be executed with the client.

Financial Planning and Consulting Services (Stand-Alone)

To the extent specifically requested by a client, STA Wealth Advisors *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, business planning, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Fees charged are described in Item 5.

STA Wealth Advisors gathers information from the client such as assets, liabilities, and financial goals. STA Wealth Advisors inputs that information into financial planning/retirement planning software. The software uses the information to project the likelihood of various investment outcomes and generate a Financial Goal Plan report. The software uses several methods of calculating results. All results are hypothetical in nature and do not reflect actual investment results. Implementation of any financial planning recommendation is entirely at the client's discretion. This service is used merely to help the client understand how much they may need to save in order to meet their retirement

goals. No specific investments or products are recommended. There is no guarantee that clients will meet their retirement or investment goals even if they follow all of STA Wealth Advisors' recommendations.

Affiliated Private Funds

STA Wealth Advisors is affiliated with STA Wealth Management, LLC (See Item 10 below) the general partner and investment advisor of The Streettalk Advisors Premier Fund, LP ("Premier Fund"), a Texas limited partnership that offers investors access to a diversified, multi-strategy investment portfolio designed to provide long-term growth of capital. STA Wealth Management has exclusive and complete control of the Premier Fund's activities including the selection, retention, and replacement of investment managers.

STA Wealth Management also acts as investment manager to The STA Specialized Fund LP ("Specialized Fund"), which is a Texas limited partnership that offers investors the opportunity to invest through a pooled vehicle into one or two private equity funds acting as "funds of funds".

Interests in the affiliated funds are offered to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. **This brochure is not a public offer of either of these investments.*

Affiliated Private Funds. STA Wealth Advisors is affiliated with The Premier Fund and The Specialized Fund (the "*affiliated funds*"), the complete description of the terms, conditions, risks and fees associated with the *affiliated funds* are set forth in the *affiliated funds*' offering documents. STA Wealth Advisors, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets into one or both of the *affiliated funds*. The terms and conditions for participation in the *affiliated funds*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. STA Wealth Advisors' clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that STA Wealth Advisors references private investment funds owned by the client on any supplemental account reports prepared by STA Wealth Advisors, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation

provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

Please Also Note: Conflict Of Interest. Because STA Wealth Advisors' affiliates can earn compensation from the *affiliated private fund* that may exceed the fee that STA Wealth Advisors would earn under its standard asset based fee schedule referenced in Item 5 below, the recommendation that a client become a *Fund* investor presents a **conflict of interest**. No client is under any obligation to become a Fund investor. The STA Wealth Advisors' Chief Compliance Officer, Hope Edick, remains available to address any questions regarding this conflict of interest.

Unaffiliated Private Investment Funds

STA Wealth Advisors may also provide investment advice regarding unaffiliated private investment funds. STA Wealth Advisors, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. STA Wealth Advisors' role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of STA Wealth Advisors calculating its investment advisory fee. STA Wealth Advisors' clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

***Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints, and lack of transparency. A complete discussion is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

***Please Also Note: Valuation.** In the event that STA Wealth Advisors references private investment funds owned by the client on any supplemental account reports prepared by STA Wealth Advisors, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

Client Assets under Management

As of January 1, 2013, STA Wealth Advisors has _____\$0 million in assets under management. STA Wealth Advisors does not manage assets on a non-discretionary basis.

Other Services and Information

Non-Investment Consulting - STA Wealth Advisors does not hold itself out as providing consulting services. However, to the extent requested by a client, STA Wealth Advisors may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.) including, as disclosed below, to certain STA Wealth Advisors personnel in their separate capacities as licensed agents. The client is under no obligation to engage the service of any such recommended professional. The client retains absolute discretion over all such decisions and is free to accept or reject any recommendation from STA Wealth Advisors. ***Please Note:** If the client engages any such recommended professional and a dispute arises thereafter, relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Account Minimum/Advisory Fees- STA Wealth Advisors generally requires an account minimum of \$250,000.00 for its discretionary managed account services. STA Wealth Advisors, in its sole discretion, may reduce its investment advisory fee and/or reduce its minimum \$250,000.00 asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Sub-Advisory Arrangements. STA Wealth Advisors may engage sub-advisors for the purpose of assisting STA Wealth Advisors with the management of its client accounts. The sub-advisor(s) shall have discretionary authority for the day-to-day management of the assets that are allocated to it by STA Wealth Advisors. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by STA Wealth Advisors. STA Wealth Advisors shall pay a portion of the investment advisory fee received for these allocated assets to the sub-advisor for its sub-advisory services.

Client Obligation - In performing its services, STA Wealth Advisors is not required to verify any information received from the client or from the client's other professionals and is authorized to rely on such information without verification. Clients remain responsible to promptly notify STA Wealth Advisors if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising STA Wealth Advisors' previous recommendations and/or services.

Disclosure Statement - A copy of STA Wealth Advisors' written Brochure as set forth in this Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of STA Wealth Advisors' advisory agreement.

ITEM 5 - FEES AND COMPENSATION

Fees on Investment Management Accounts

STA Wealth Advisors charges an annual advisory fee one fourth of which payable quarterly in advance. Generally the advisory fee is deducted from the client's account on or about the 5th day after the beginning of the calendar quarter. However, under special circumstances (e.g., when clients have 401K accounts with Fidelity and/or Schwab),

STA Wealth Advisors' fees can be billed directly to the client, and the client agrees to pay all of STA Wealth Advisors' fees within 30 days of receipt of the invoice. The fee deduction is included on the custodial account statement and invoices are available from STA Wealth Advisors upon request.

STA Wealth Advisors' advance fees are calculated based on the market value of the assets in the account as of the last business day of the preceding quarter. Fees are also charged on accrued interest. Fees are adjusted for inflows and outflows during the preceding quarter. If the advisory agreement becomes effective after the first day of a calendar quarter, the fee for that quarter will be calculated proportionately with respect to the number of days left in the quarter and based on the market value of the account when it is funded. If the agreement is terminated prior to the last day of the calendar quarter, the client will receive a prorated refund of the previous collected fees, only paying fees for the number of days services were rendered. All fees are prorated for inflows and outflows

The **maximum** annual fee schedule for all advisory clients is shown below. STA Wealth Advisors does not generally consider its advisory fees to be negotiable, although it reserves the right in its discretion, based on factors it deems relevant, to agree to a fee for any particular client that varies from the fee set forth in the table below. Therefore, fees may be lower or higher than fees charged to another client with a similar account. Relevant factors that may lead to a variation in fees include the size and scope of the client's overall relationship with STA Wealth Advisors and its affiliates, the complexity of the client's portfolio or their individual requirements, and the fees that the client's account was charged at another firm prior to transferring to STA Wealth Advisors. Each client signs an investment advisory agreement which clearly defines the fee that client will pay. STA Wealth Advisors' fees may be in excess of the industry norm. Similar advisory services can be obtained for less elsewhere.

Asset Range	Annual Fee
\$100,000 – 249,999	1.75%
\$250,000 – 499,999	1.65%
\$500,000 – 749,999	1.50%
\$750,000 – 999,999	1.35%
\$1,000,000 & UP	1.25%

Other Fees on Investment Management Accounts

The fees listed above do not include any bank fees, mark-ups or mark-downs, margin interest, national securities exchange fees, wire transfer fees, clearing fees, brokerage charges, custody fees, or other costs or fees associated with the securities transactions or required by law for which the client is responsible. Clients are also responsible for the clearing charge assessed by the custodian when STA Wealth Advisors purchases bonds from a broker other than the account custodian.

An additional flat fee of \$25.00 is deducted from each client's account(s) every quarter for reporting services provided by STA Wealth Advisors. Other fees may be incurred while client funds are in a money market fund or other no-load mutual fund, such as internal investment management fees and fund operating expenses, which are reflected in the fund's internal expenses and are disclosed in each fund's prospectus. These fees

are charged and collected by the mutual or money market funds and are in addition to the fee the client pays STA Wealth Advisors. They are not offset or refundable to the client. Clients investing in mutual funds through STA Wealth Advisors may also incur transaction fees which would not be incurred if the client were to invest directly with the mutual fund. These transaction fees are charged by the custodian for the convenience of trading in multiple mutual fund families through one account.

Financial Planning and Consulting Fees

To the extent specifically requested by a client, STA Wealth Advisors *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, business planning, including estate planning, insurance planning, etc.) on a stand-alone fee basis. STA Wealth Advisors' planning and consulting fees are negotiable, but generally range from \$2,000 to \$30,000 on a fixed fee basis, and from \$150 to \$350 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

Fees on Certain Managed IRA or Other Retirement Accounts

For IRA accounts or other retirement accounts which are subject to the Pension Protection Act of 2006 (PPA). An "eligible investment advice arrangement" or advisory agreement will be executed with the client. STA Wealth Advisors will be considered a "fiduciary advisor" and will charge fees to the retirement account based on a "level-fees basis", which means the fees will not vary depending on the investment option selected.

Fees for Direct Investments/Private Placements/Hedge Funds/Alternative Investments

Investments in pooled vehicles not affiliated with STA Wealth Advisors

STA Wealth Advisors may invest account assets in "hedge funds" or other pooled investment vehicles that invest in securities. These funds may be publicly held, private partnerships, or other types of entities. They may pursue investment strategies that seek to achieve high returns by taking high risks. Typically, investments in these funds are illiquid and are suitable only for investors who can understand and bear the risk of losing all or part of their investment. Investors must meet specific financial criteria. STA Wealth Advisors cannot guarantee that the advisory services offered will result in clients' goals and objectives being met, nor is there any guarantee of profit or protection from loss.

When STA Wealth Advisors advises a client to invest in one of these vehicles, for which STA Wealth Advisors is not the investment advisor, STA Wealth Advisors' compensation is a management fee that is a percentage of the client's capital account balance in each recommended fund. The percentage applied is the same percentage applied to all other assets managed by STA Wealth Advisors for the client (thus the fee schedule is the same as that detailed above under "Fees on Managed Accounts"). Internal fees for each fund are set forth in the various private placement memoranda.

Investments in pooled vehicles affiliated with STA Wealth Advisors

STA Wealth Advisors affiliate STA Wealth Management currently has two affiliated funds, which are further discussed below. STA Wealth Advisors' affiliated entities are

paid directly by these vehicles, so client assets invested in these funds are not included in the quarterly fee calculation reflected in the managed account fees shown above.

The Streettalk Advisors Premier Fund LP (The Premier Fund)

The Premier Fund is currently in the process of winding down and is no longer accepting new limited partners.

STA Wealth Advisors' affiliate STA Wealth Management, LLC acts as the general partner and investment advisor of the Premier Fund. Investors in this pooled investment vehicle were generally required to make a minimum investment of \$250,000.

STA Wealth Management, LLC's compensation for management of the Premier Fund was an annual consulting fee equal to 0.9% of the market value of the Premier Fund's investments. The fee was payable quarterly in advance and was deducted from the capital account balances of each limited partner.

In July of 2012, STA Wealth Management, LLC stopped charging a management fee. As the Fund began liquidating and distributing advisory fees and expenses related to the engagement of investment managers. Incentive fees or profit allocations were paid at the level of the underlying investment vehicles to investment managers to whom the Premier Fund allocated assets. The Premier Fund was able to invest in "funds-of-funds" which could have resulted in an additional layer of fees.

The STA Specialized Fund LP

The STA Specialized Fund LP ("Specialized Fund") has STA General Partner, LP as its General Partner, which in turn has STA Management, LLC as its General Partner. Principals of STA Wealth Management serve as the sole members of the General Partner. STA Wealth Management acts as investment manager to the Specialized Fund, so its principals manage the day-to-day investment activities of the fund.

Investors in this pooled investment vehicle are generally required to make a minimum investment of \$50,000. STA Wealth Management has the discretion to accept investments for lesser amounts.

STA Wealth Management receives a management fee of 2% of the total committed capital in the Specialized Fund, which is payable quarterly in advance. In addition, STA General Partner, LP is entitled to receive a carried interest allocation from each Class A Partner equal to 20% of the Specialized Fund's net profits. The STA Wealth Management fees are deducted from the capital account balances of the limited partners.

In addition to the fees paid to STA Wealth Management, the managers of the underlying funds are entitled to two forms of compensation: a fee based on net assets under management (ranging from 1%-2% annually) and in some cases performance

compensation (ranging from 20%-25% of net profits). If charged, these fees are debited against the capital account balances of the limited partners on a pro rata basis.

Other Fee and Expense Information

Premier and Specialized Funds and managed accounts incur and pay brokerage commissions, financing, and other transaction costs and expenses in connection with any trading and investment activities, as well as custodian fees for assets held in cash or securities at various banks, broker-dealers, and other financial institutions.

The Premier and Specialized Funds pay ongoing operating and offering costs as incurred, including without limitation, administrative, accounting, custody, transfer, reporting, tax, audit, regulatory, and legal fees and expenses as well as any extraordinary expenses, if any.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

STA Wealth Advisors does not receive performance-based fees from any of its clients. However, STA Wealth Advisors' affiliate, as general partner of the Specialized Fund, is entitled to receive a carried interest allocation from certain partners equal to 20% of the Fund's net profits. Please see Item 5 "Fees and Compensation" above for more information on this arrangement.

Managing accounts with performance-based payments side-by-side with accounts not paying performance-based fees creates a conflict of interest for STA Wealth Advisors, as it may have an incentive to trade more aggressively in, take greater risk for, or allocate more profitable trades to the performance paying accounts or funds. This risk is mitigated by monitoring all accounts to ensure that all clients are treated fairly and equitably. All accounts are managed with an appropriate amount of risk in light of their investment objectives and limited investment opportunities are allocated appropriately.

ITEM 7 - TYPES OF CLIENTS

STA Wealth Advisors provides investment supervisory services and manages investment advisory accounts for:

- Individuals,
- high net worth individuals,
- pension and profit sharing plans,
- pooled investment vehicles, and
- corporations or other business not listed above.

The general investment minimum required for an actively managed equity account is \$100,000. STA Wealth Advisors does accept and work with clients with investment accounts of less than \$100,000.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Method of Analysis

STA Wealth Advisors may use a combination of the following types of analysis in evaluating investments for client accounts:

- Charting—Analysis of charts of past stock performance
- Fundamental—Analysis of financial attributes of a company, such as revenue growth, debt to equity ratio, inventory turnover, etc.
- Technical—Analysis which assumes past performance is a predictor of future performance

STA Wealth Advisors may also use the following sources of information in its analysis among others:

- financial newspapers and magazines,
- research materials prepared by others,
- corporate rating services, timing services,
- annual reports, prospectuses, filings with the Securities and Exchange Commission, and
- company press releases.

Investment Strategies

The investment strategies STA Wealth Advisors may use to implement investment advice include the following:

- long-term purchases (securities held at least a year),
- short-term purchases (securities sold within a year),
- trading (securities sold within 30 days),
- short sales,
- margin transactions,
- option writing, including covered options, uncovered options, or spreading strategies.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. STA Wealth Advisors does not guarantee the future performance of any account, the performance of any investment decision, strategy that STA Wealth Advisors may use, or the performance of STA Wealth Advisors' overall management of the account. Investment decisions made by STA Wealth Advisors, for a client's account, are subject to various market, currency, economic, political, and business risks. Such investment decisions will not always be profitable.

More specifically, these risks include but are not limited to:

- *Short Sales:* The Specialized Fund and the Premier Fund may affect short sales. Short selling is the practice of selling investments, which are not owned by the seller, generally when the seller anticipates a decline in the price of the investments or for hedging purposes. To complete a short sale, the seller must borrow the investments from a third party in order to make delivery to the buyer. The seller generally will be required to pay a brokerage commission or interest, which will increase the cost to the seller of selling such investments. Until the investments are replaced, the seller will be required to pay, to the lender, amounts equal to any dividends or interest which accrue during the period of the loan of the investments.

Under certain circumstances, including any U.S. or non-U.S. governmental or regulatory action which impacts short selling, a fund may be prematurely forced out of a short position. The lender of a security used to cover a short position generally has the right to demand the return of the stock that has been loaned at any time. In such event, a fund would be required to replace the borrowed securities by borrowing the securities from another lender. If the fund were unable to replace the borrowed securities, it would be required to close out the short position by buying the security in the market to make delivery. When completing a short sale, the fund could incur a significant loss if the security sold short had increased in value.

- *Put and Call Options on specific investments:* The funds may purchase exchange-listed and over-the-counter ("OTC") put and call options on specific investments. In addition, the funds may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy and obligates the writer to sell the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell and obligates the writer to buy the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the fund may be wholly or partially covered (meaning that the fund holds an offsetting position) or uncovered. Options on specific investments may be used by funds to seek enhanced profits with respect to a particular investment. Alternatively, they may be used for various defensive or hedging purposes.

The use of put and call options may result in losses to the funds, force the sale or purchase of portfolio investments at inopportune times, force prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the funds can realize on its investments, or cause the funds to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by a fund to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by a fund. The use of uncovered option writing techniques may entail greater risks of potential loss to a fund than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the fund realizing a loss on the

calls written, which would not be offset by the increase in the value of the underlying investments, to the extent the call option position was uncovered.

- *Withdrawals and Performance:* Numerous hedge funds have experienced material levels of withdrawals and received significant withdrawal requests for upcoming withdrawal dates due to market conditions, fund performance, the need for liquidity by some investors, and other reasons. In response, a number of hedge funds have had to impose liquidity restraints and, in certain cases, dissolve. There can be no assurance that the funds will not in the future experience withdrawal requests at a level that may have an adverse effect on their operations or ability to satisfy such requests.
- *Regulatory Risk:* U.S. and non-U.S. securities and commodities markets are subject to ongoing and substantial regulatory changes. Recently there has been increased government, as well as self-regulatory scrutiny, of the “hedge fund” industry in general. This includes incidents of regulators unexpectedly announcing regulatory changes or interpretations that prohibited strategies that had been implemented in a variety of formats for many years. For example, in September 2008 the SEC and various non-U.S. regulatory bodies imposed temporary bans on short-selling in a variety of stocks and adopted permanent regulations that may have the effect of making short-selling more difficult or costly. These actions were generally regarded as disrupting market fundamentals and causing unexpected and volatile increases in the stock prices of a variety of issuers, as short sellers closed out their positions by buying securities. Such increased or additional regulation may require the funds to alter the manner in which they do business and could adversely affect their ability to implement their investment programs.

STA Wealth Management will endeavor to regularly monitor the managers of the funds in which its pooled investment vehicles are invested, but STA Wealth Advisors is unlikely to have access to information about the underlying portfolio positions of investments in the underlying funds on a regular basis. Investors in the pooled investment vehicles typically have no right to demand such information of the managers. Accordingly, STA Wealth Advisors will not be in a position to analyze or respond to developments within any particular underlying fund unless, and until, information relating thereto is disseminated by the manager to its investors. That information may not necessarily be timely or complete.

Financial Planning Methodology and Risks

When providing financial planning services, STA Wealth Advisors utilizes two software programs: MoneyGuidePro and eMoney. Both developed by companies unaffiliated with STA Wealth Advisors. The methodology underlying MoneyGuidePro and eMoney, as well as various assumptions, limitations, and risks associated with the software, are discussed with clients at the time STA Wealth Advisors provides them with financial planning services and delivers the client’s Financial Plan Goal report.

Any recommendations or suggestions made by STA Wealth Advisors and/or its advisors, as part of its financial planning services, are not automatically implemented in the client’s account. It is entirely up to clients -- in their sole discretion -- to accept or implement STA Wealth Advisors’ financial planning suggestions or to make changes based on the results shown in the financial planning report. STA Wealth Advisors may assist clients in

implementing recommendations in accounts as to which STA Wealth Advisors provides advisory services. However, this will be undertaken only at the client's specific request, not automatically as part of STA Wealth Advisors' services. Any changes to other accounts must be made or arranged by clients themselves.

There are limitations and risks inherent in using software for financial planning purposes. The validity of the output produced by the software is dependent on a number of factors, such as the models underpinning the software, the accuracy of the computer coding, the quality of the data put into the models, and the quality of the output generated by the models and ultimately deployed into a report. The potential for errors, such as development, implementation, systems, and human errors are an inherent risk in this process. Risks of loss, corruption, or error due to computer viruses, worms, hacking, intrusions, outages or other factors, and intellectual property disputes could negatively affect the software, its use and performance, and/or the report delivered to clients. While STA Wealth Advisors takes reasonable steps to mitigate these risks to the extent under its control, these risks cannot be eliminated entirely.

ITEM 9 - DISCIPLINARY INFORMATION

STA Wealth Advisors, nor any of its officers or principals, has been involved in any investment-related criminal or civil actions in a domestic, foreign, or military court.

STA Wealth Advisors, nor any of its officers or principals, has been found (1) to have caused an investment-related business to lose its authorization to do business, and (2) to have been involved in a violation of an investment-related statute or regulation and the subject of an order in connection with any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

STA Wealth Advisors has not been involved in any self-regulatory organization proceedings; however, one of the principals had a regulatory action brought against him by the NASD (now FINRA). This action stemmed from an employee agreement. In 2002, Mr. Patterson received a forgivable loan from the firm with which he was employed. The loan was to be forgiven if he stayed with the firm in accordance with his employee agreement. In 2004, Mr. Patterson left the firm for various reasons, which included his not wanting to sell the products the firm offered, as well as differences in investment philosophy. In 2005, the firm filed an arbitration proceeding to collect the portion of the loan that had not been forgiven. Mr. Patterson moved shortly after he left the firm; therefore, he never received the notice of the arbitration and did not appear at the proceeding. This resulted in the suspension of his NASD registration. In 2005, Mr. Patterson's old firm received a default arbitration award. As soon as Mr. Patterson learned of the default arbitration he contacted the firm and settled the matter. His suspension was lifted by FINRA in 2011.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Affiliations with Pooled Investment Vehicles

STA Wealth Advisors' affiliate STA Wealth Management, LLC and its affiliates have sponsored a number of private investment funds that STA Wealth Management, LLC manages. STA Wealth Management and/or its affiliates serve as the general partners to these funds. The funds do not have independent management. These arrangements are described in more detail above under Item 4 Advisory Business. Certain STA Wealth Advisors principals have also invested personal assets in these private funds.

From time to time, STA Wealth Advisors may recommend that qualifying clients invest in the one of these private funds. This poses a conflict of interest for STA Wealth Advisors to the extent it has a financial incentive to recommend that clients invest in the funds, thereby increasing the assets held by the funds and in turn increasing the compensation payable to STA Wealth Management and/or its affiliates. However, STA Wealth Advisors does not charge an advisory fee on any assets in its clients' managed accounts that are invested in these private funds, which is aimed at mitigating this conflict of interest. In addition, STA Wealth Advisors is constrained by fiduciary principles to act in its clients' best interests when managing accounts and will recommend that clients invest in the funds only when it is suitable to do so. STA Wealth Advisors monitors activity in its clients' accounts in an effort to ensure that transactions are appropriate.

Affiliated Investment Adviser Firm

STA Wealth Advisors' Principals are also Principals of STA Wealth Management, LLC, an affiliated SEC registered investment adviser firm. STA Wealth Advisors may refer certain clients to STA Wealth Management, LLC for advisory services. Neither STA Wealth Advisors nor its Principals shall receive compensation for any referral made to STA Wealth Management, LLC. The recommendation by STA Wealth Advisors that a client engage the investment advisory services of STA Wealth Management, LLC presents a conflict of interest as STA Wealth Advisors' Principals, may receive a direct economic benefit from any such referral. No client is under any obligation to engage the services of STA Wealth Management, LLC.

Affiliation with Insurance Group

Clients may receive advice on other insurance-related products such as fixed annuities and various types of insurance. Michael Smith, one of the principals of STA Wealth Advisors, is also a licensed insurance agent for Streettalk Insurance Group, LLC. Michael Smith, Lance Roberts, and STA Wealth Management, LLC each own an interest in Streettalk Insurance Group, LLC, an insurance agency. The percentage of interest is as follows: STA Wealth Management, LLC 21.25%, Michael Smith 26.25%, and Lance Roberts 26.25%.

The recommendation by STA Wealth Advisors representatives that a client purchase an insurance product from the firm's affiliated insurance agency, presents a conflict of interest as the receipt of commissions to the insurance agency benefits STA Wealth Advisors' affiliate STA Wealth Management, LLC and the other owners of the agency. In addition Michael Smith, a licensed agent of Streettalk Insurance Group, LLC, may receive normal and customary commissions for the sale of insurance products. No client

is under any obligation to purchase any insurance commission products from STA Wealth Advisors and/or its representatives. Clients are reminded that they may purchase insurance products recommended by STA Wealth Advisors through other non-affiliated or insurance agencies. In addition, STA Wealth Advisors is constrained by fiduciary principles to act in its clients' best interests when providing advice and will recommend that clients purchase an insurance product only when it is suitable to do so. STA Wealth Advisors monitors these arrangements in an effort to ensure that purchases are appropriate.

Affiliation with Broker/Dealer

STA Wealth Advisors does not have an affiliation with a Broker/Dealer; however, Michael Smith, one of the principals of STA Wealth Advisors, is a registered representative of Capital Guardian, LLC.

The recommendation by Michael Smith that a client purchase a security /product from Capital Guardian, does not benefit STA Wealth Advisors as commissions would be paid directly to Michael Smith. Michael Smith as a registered representative of Capital Guardian, LLC, may receive normal and customary commissions for the sale of securities/products. Any commissionable product purchased will be excluded from the calculation of the client's management fee. No client is under any obligation to purchase any securities/products. STA Wealth Advisors is constrained by fiduciary principles to act in its clients' best interests when providing advice and will recommend that clients purchase products only when it is suitable to do so. STA Wealth Advisors monitors these arrangements in an effort to ensure that purchases are appropriate.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

STA Wealth Advisors has adopted a Code of Ethics which describes the general standards of conduct STA Wealth Advisors expects of all firm personnel (collectively referred to as "employees"). Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with STA Wealth Advisors. Any client or prospective client may request a copy of STA Wealth Advisors' Code of Ethics which will be provided, at no cost, by contacting Hope Edick at 281.822.8800.

The following basic principles guide all aspects of STA Wealth Advisors' business and represent the minimum requirements to which STA Wealth Advisors expects employees to adhere:

- Clients' interests come before employees' personal interests and before STA Wealth Advisors' interests.
- STA Wealth Advisors must fully disclose all material facts about conflicts, of which it is aware, between STA Wealth Advisors and its employees' interests, on the one hand, and client and STA Wealth Advisors' interests on the other.

- Employees must operate on STA Wealth Advisors' behalf and on their own behalf consistently with STA Wealth Advisors' disclosures and manage the impacts of those conflicts.
- STA Wealth Advisors and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- STA Wealth Advisors and its employees must always comply with all applicable securities laws.

Personal Securities Trading

Trading by STA Wealth Advisors personnel in their personal accounts is subject to review and, in many cases, requires prior approval by STA Wealth Advisors' Chief Compliance Officer (CCO). Employees are allowed to trade in their personal accounts in individual equities, mutual funds, bonds, ETFs, and pre-approved private placements. Employees may invest simultaneously with clients as long as the same price is obtained. Investing in private placements in personal accounts must be pre-approved by the CCO. Personal trades must be reported quarterly to the STA Wealth Advisors CCO and holdings are reported annually. Both personal trades and holdings are reviewed on a periodic basis to ensure compliance with STA Wealth Advisors' policy. Breaches to the policy are taken seriously and may be met with disciplinary action, including termination of employment.

The STA Wealth Advisors principals have also invested in the Premier Fund and the Specialized Fund as limited partners; therefore, have ownership interests beyond owning the general partners of each fund.

Outside Business Activities

Employees are required to report to STA Wealth Advisors any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the employee will be directed to cease this activity.

ITEM – 12 BROKERAGE PRACTICES

Broker Selection

STA Wealth Advisors selects the brokers or dealers that handle securities transactions in client accounts and negotiates their commissions. STA Wealth Advisors has entered into agreements with Charles Schwab & Co., Inc. ("Schwab"), Fidelity Institutional Wealth Services ("Fidelity"), and Millennium Trust Company (MTC) to act as custodians for client accounts. Each are unaffiliated broker-dealers. The commissions charged by Schwab, Fidelity, and MTC, are comparable with those of other broker-dealers in return for like products and services; however, they may be higher in some instances than those obtainable from other brokers. STA Wealth Advisors generally trades through the custodian in order to manage transaction fees. STA Wealth Advisors and its personnel receive no commissions or 12(b)-1 fees from accounts held at these custodians.

Best Execution

STA Wealth Advisors' policy is to attempt to obtain the best execution for its clients' securities transactions. What constitutes "best execution" as well as determining how to achieve it is inherently uncertain. In evaluating whether a broker will provide best execution, STA Wealth Advisors considers a range of factors. These include:

- Historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions.
- The execution, clearance, settlement, and error correction capabilities of the broker in connection with securities of the type and amounts to be bought or sold.
- The availability of no load mutual funds.
- The broker's reliability and financial stability.
- The commission structure.
- The quality of information provided to the Firm and to clients.

STA Wealth Advisors is not required to select the broker that charges the lowest transaction cost even if that broker provides execution quality comparable to other brokers. STA Wealth Advisors expects at times that clients will pay more than the lowest transaction cost available in order to obtain for STA Wealth Advisors and/or its clients services and products other than securities transactions execution. As noted above, STA Wealth Advisors generally trades through the custodian in order to manage transaction fees.

STA Wealth Advisors has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC, Schwab, and Millennium Trust (collectively, and together with all affiliates, the "Custodians") through which the custodians provide STA Wealth Advisors with "institutional platform services". The institutional platform services include, among others, brokerage, custody, and other related services. The custodians' institutional platform services that assist STA Wealth Advisors in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements), (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts, (iii) provide research, pricing, and other market data, (iv) facilitate payment of fees from its clients' accounts, and (v) assist with back-office functions, recordkeeping, and client reporting.

Custodians also offer other services intended to help STA Wealth Advisors manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants, and other third party service providers who provide a wide array of business related services and technology with whom STA Wealth Advisors may contract directly.

STA Wealth Advisors is independently operated and owned and is not affiliated with any of the custodians.

Custodians generally do not charge its advisor clients separately for custody services but are compensated by account holders through commissions and other transaction-

related or asset-based fees for securities trades that are executed through custodians or that settle into custodian accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Custodians provide access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Broker Review

At least annually, STA Wealth Advisors' Chief Compliance Officer and Chief Executive Officer review brokerage relationships in light of the factors referenced above.

Research and Other Soft-Dollar Benefits

STA Wealth Advisors currently has no formal soft-dollar arrangements, where specific products or services are paid for with soft dollars generated for STA Wealth Advisors by individual trades STA Wealth Advisors places in client accounts. However, as referenced above, the custodians are providing STA Wealth Advisors with certain products and services. Products or services provided by the custodians may be used to service all or a substantial number of STA Wealth Advisors' accounts, including accounts not maintained at the particular custodian providing that product or service and without allocating products or services among accounts. To the extent these products or services are provided to STA Wealth Advisors without charge, STA Wealth Advisors receives a benefit because it does not have to produce or pay for the products or services out of its own pocket.

These arrangements with the custodians pose a conflict of interest for STA Wealth Advisors to the extent that they create an incentive for STA Wealth Advisors to suggest that clients maintain their assets in accounts at the custodians on the basis of products and services that may become available to STA Wealth Advisors as a result, rather than solely on the basis of the nature, cost or quality of custody and brokerage services provided to clients. However, STA Wealth Advisors is constrained by fiduciary principles to act in its clients' best interests and will suggest the custodians to clients only when it appropriate to do so. In addition, STA Wealth Advisors maintains an awareness of the services provided to clients by the custodians in an effort to ensure that clients are well served.

Brokerage for Client Referrals

STA Wealth Advisors does not directly or indirectly compensate any broker for client referrals.

Directed Brokerage

STA Wealth Advisors requires managed account clients to use one of the custodians and does not permit clients to direct their brokerage to other broker-dealers. As noted above, STA Wealth Advisors generally trades through the custodian in order to manage transaction fees. See the discussion above in this Item 12 for information about the conflicts of interest posed by STA Wealth Advisors' arrangements with the custodians.

Order Aggregation

STA Wealth Advisors will generally aggregate brokerage orders for its clients and allocate the securities purchased or sold among the participating accounts, with each account receiving the same terms. The proportion in which participating account(s) will share transactions will be determined by the portfolio manager(s) on the basis of investment objective, cash availability, expected cash and liquidity needs, and other relevant factors. The overarching principle for every allocation is that no account is unfairly favored over another account that is similarly situated over time. However, Schwab and Fidelity do not provide an expense advantage to participating accounts in an aggregated trade. Rather than charging one transaction fee for the aggregated trade, transaction fees (if applicable) are applied to each account as if the trade had been enacted on an account by account basis.

ITEM 13 - REVIEW OF ACCOUNTS

Managed Accounts

Reviews are conducted by STA Wealth Advisors' Investment Advisor Representatives. Through the use of trading and investment software programs, managed account holdings are compared to the selected portfolio model for allocation purposes, as well as monitored for performance. Michael Smith, Lance Roberts and Luke Patterson, the principals, discuss the performance of each model in a weekly investment committee meeting. STA Wealth Advisors' personnel contact clients on a rotating annual basis to schedule an in-depth portfolio review with one of the advisors. Clients are also provided access to STA Wealth Advisors' Portal, Advisor View, where they may obtain reporting on their performance and other account information.

Financial Plans

STA Wealth Advisors offers a varying degree of financial planning services. Prior to implementing a financial plan, clients will complete a financial planning services agreement which will outline the scope of the service. Financial planning reports generated by the MoneyGuidePro and/or eMoneysoftware are reviewed by STA Wealth Advisors investment personnel and then delivered to the client, usually in a face-to-face meeting to explain the results. Dependent upon the service chosen in the agreement, STA Wealth Advisors may or may not have an obligation to update, monitor, or amend any advice or report provided. The agreement determines the scope of the client and Advisor obligation. Please note the Financial Planning Services Agreement is separate from the Investment Advisory Agreement. Should a financial planning client wish to have STA Wealth Advisors manage their investment account, the client will need to sign a separate Investment Advisory Agreement. Financial planning clients are reminded they are under no obligation to act on the advice provided in the plan.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

STA Wealth Advisors does not, nor do any of its principals or employees, receive an economic benefit such as sales, awards or other prizes, from non-clients for providing

advisory services to its clients. In addition, STA Wealth Advisors does not compensate third parties for client referrals.

Other Compensation and Arrangements

STA Wealth Advisors' affiliate STA Wealth Management, LLC hosts a daily radio talk show on KSEV 700am during which its principals provide general market commentary. The show's sponsors pay a flat monthly fee to STA Wealth Management, LLC for two hours of airtime each week. Additionally, advertisers pay for 30 second to 1-minute commercial spots at \$300 per minute (negotiable) and \$400 per minute for a live endorsement.

ITEM 15 - CUSTODY

Because STA Wealth Advisors generally has the authority to instruct the account custodian to deduct the management fee directly from the client's account, STA Wealth Advisors is considered to have "custody" of managed account assets. This limited access is monitored by the client through receipt of account statements directly from the custodian. These statements show the deduction of the management fee from the account. Otherwise, STA Wealth Advisors may only direct the movement of funds from one account in the client's name to another account with like registration.

When clients receive their account statements from the custodian, they should carefully review those statements. If clients receive account statements from STA Wealth Advisors, they are reminded to compare the statements from STA Wealth Advisors with the account statements from their custodian. Clients should contact both STA Wealth Advisors and the custodian if there are unexplained discrepancies.

ITEM 16 - INVESTMENT DISCRETION

STA Wealth Advisors has discretionary authority to manage accounts on behalf of its clients. Clients provide STA Wealth Advisors with a limited power of attorney granting trading authority and authority to instruct the custodian to withdraw its investment management fee on a quarterly basis. STA Wealth Advisors determines, for all clients, what securities are to be purchased and sold, how much, when, and negotiates commissions with the account custodians.

This authority is granted for managed accounts through the investment advisory agreement each client executes with STA Wealth Advisors. This authority is granted to STA Wealth Advisors for the private funds by the limited partnership agreements.

Managed account clients may limit STA Wealth Advisors' discretionary authority by designating restricted security positions as part of their investment advisory agreement with STA Wealth Advisors.

ITEM 17 - VOTING CLIENT SECURITIES

STA Wealth Advisors does not vote client proxies and has instructed the custodian to forward all proxy material directly to the client. STA Wealth Advisors shall forward to the client, or to the advisor(s) for an employee benefit plan covered by ERISA, any proxy

materials it receives that pertain to the assets in the client's account unless the account relates to an employee benefit plan and the plan's trust agreement provides otherwise. Clients will receive proxy materials directly from the custodian by U.S. Mail or by email. Clients may contact STA Wealth Advisors with questions concerning particular proxy matters.

ITEM 18 - FINANCIAL INFORMATION

This item is not applicable to STA Wealth Advisors, as there is no financial condition or circumstance required to be disclosed nor any circumstance requiring STA Wealth Advisors to include its balance sheet.