



Item 1 – Cover Page

StateTrust Capital, LLC

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March 21, 2016

This Brochure provides information about the qualifications and business practices of StateTrust Capital, LLC . If you have any questions about the contents of this Brochure, please contact us at 305-921-8100 or STCADVISOR@StateTrust.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.

StateTrust Capital, LLC is a 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.

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

Item 2 – Material Changes

In compliance with the new SEC's requirements on amendments to for ADV Part 2, this section contains material changes that have taken place since December 31st 2014, the time of the last publication.

As of the date of this publication, no major material instances had been reported from last year of operations.

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Item 4 – Advisory Business

- A. **StateTrust Capital, LLC** (“the firm,” the investment advisor”) offers various levels of investment supervisory services. The firm has been in business since 2000 and is 100% owned by StateTrust Group LLC.
- B. During an initial interview, conducted at no charge to the client, the Client’s needs, goals, liabilities, risk tolerance, and time horizon are determined. An appropriate allocation of assets in a portfolio mix of equities and fixed income is thereby established in conjunction with the client. StateTrust’s services include (as required) helping the Client in defining its investment objectives, formulate an investment policy for them, evaluate and recommend professional money managers, and as a final stage design an asset allocation strategy for the Client. The firm also provides portfolio management services and administration services to certain International Mutual Funds (affiliated to the Investment Advisor). As mentioned before, effective September 1st 2013, the firm will no longer provide these services to these funds.
- C. Within each of the categories in the strategy, the accounts or funds are further segregated by pure styles, again depending on specific client conditions (e.g., large capitalization growth, small capitalization value, international large cap, etc.). In each of the chosen, segregated styles, internal or external account money managers are chosen together with the client. In the cases of large cap growth, small caps, and fixed income, StateTrust itself may manage directly some or all of the portfolios if directed to do so by the client. Client may impose restrictions but there are none currently in place.
- D. The firm participates in wrap fee programs. However, these wrap fee programs are managed the in same manner as other accounts. The firm receives the wrap fee for the services provided (see item 5, 12, and 14 below).
- E. The firm currently manages client’s assets. Of these assets, as of March 21, 2016, \$92.515 million are managed in a discretionary basis and none of the assets are non-discretionary.

Item 5 – Fees and Compensation

- A. Fees for discretionary and non-discretionary accounts:

Fixed Income: 0.8% - 1.5% of assets managed for the specific client, on a per annum basis, charged quarterly in advance. The adviser negotiates with each client individually to set the percentage within the above range, depending on specific conditions that include the

size of the account, the type of account, the discretionary or non-discretionary nature of the management, etc.

Equity Accounts: 2.0% - 3.0% of assets managed for the specific client, on a per annum basis, charged quarterly in advance. The adviser negotiates with each client individually to set the percentage within the stated range, depending upon specific conditions that include the size of the account, the type of the account, the discretionary or non-discretionary nature of the management, etc.

- B.** Investment Advisory fees are deducted from client's assets by the clearing firm. Clients are not billed for these services, they are charged automatically. Clients do not have the option to choose a billing method and the fees are deducted on a quarterly basis.
- C.** When applicable, any fees charged by the external money managers are already included in the overall asset-based fee established with the client.

StateTrust Capital, LLC's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer, electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds may also charge internal management fees, which are disclosed in the fund's prospectus.

Such charges, fees and commissions, including those charged by the affiliated Broker/Dealer are exclusive of, and in addition to, StateTrust Capital, LLC's fee, and StateTrust Capital, LLC shall not receive any portion of these commissions, fees, and costs. Please refer to Item 12 of this brochure where brokerage practices are disclosed in further detail.

- D.** Client must pay advisory fees in advance. The advisory agreement continues in effect until terminated by either the client or the advisor. Termination of an advisory agreement is effective within five (5) working days of receipt of written notice of cancellation of services by either party to the agreement. In the case of early termination of the agreement, a pro-rated refund of fees that may have been paid in advance of the quarter's end, minus any administrative costs shall be allowed.
- E.** The firm's investment advisors received compensation from sale of securities or investment products. Clients do however; have the option to purchase investment products recommended by StateTrust Capital, LLC through other broker/dealers not affiliated with StateTrust Capital, LLC. StateTrust Capital, LLC does not charge commissions in addition to advisory fees. [see paragraph F]

- F.** In the particular case of fixed income managed accounts, in addition to the Advisory Fee charged by StateTrust Capital, LLC the Broker/Dealer charges a flat fee per transaction of \$58 of which, \$48 is paid to the investment advisor and \$10 remains with the Broker/Dealer. This fee is disclosed in the confirmation provided to Clients.

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

StateTrust Capital, LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of client's assets).

Item 7 – Types of Clients

StateTrust Capital, LLC provides portfolio management services to individuals who are U.S. and Non U.S. citizens or residents, high net worth individuals, personal holding companies, other U.S. and international institutions. The requirements for opening and maintaining an account is a minimum of \$100,000. In certain cases, an exception may be granted for amounts below this \$100,000 threshold.

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

- A.** The firm's methods of analysis are as follows:

In the case of external money managers, the advisory firm of StateTrust Capital, LLC may use the following general procedure in recommending managers to its clients:

- Money managers are screened based on style and within each style, a subset of money managers is pre-selected out of a set of available managers.
- The portfolio composition of each pre-selected manager is checked.
- After the pre-selection, the adviser further investigates individual money managers to have a better understanding of the manager's investment process.
- A subset of money managers is chosen.
- Depending on negotiations, a subset of money managers becomes those used/recommended by StateTrust Capital, LLC, to its clients.

In the case of the equity managed accounts that StateTrust Capital, LLC manages directly, the following process describes the security composition of each portfolio:

- Public securities in the U.S. are screened and filtered, based on several variables that include: market capitalization, quarterly and yearly sales growth, yearly sales, free cash flows, earning per share (basic, excluding extraordinary items), net income, return on investment, working capital, earnings estimates revision, debt due in the next year, debt to equity ratio, and price to sales ratios, among others.
- The individual's securities chosen are checked through publicly available information.
- Securities may be bought on an ad-hoc if the manager wishes.

In the case of the fixed income managed accounts that StateTrust Capital, LLC manages directly, the following process describes the security composition of each portfolio:

- Depending on the program, a selection of corporate and government bonds rating BBB- or better are reviewed. Certain programs allow for securities with ratings below investment grade and fixed income denominated non-dollar currencies.
- The portfolio is formed using securities with varying maturing, such that the portfolio's average life is consistent with the manager's philosophy, and to provide a steady stream of interest and principal payment (laddered structure).
- The review process is subject to change by the manager.

In the case of non-discretionary accounts, the firm supervises and helps the Client in structuring the portfolio, including security, industry, and sector evaluation, as well as the evaluation of the individual securities. In such cases, the adviser relies more on individual securities research and the filters and optimizing programs described above are not explicitly utilized.

In all of the firm's investment methods of analysis, there is inherit risk of loss and clients should be prepared to bear these losses.

- B.** To open and maintain an account with StateTrust Capital, LLC there is a minimum of asset under management of \$100,000. In certain cases, an exception may be granted for amounts below this \$100,000 threshold. Based on each of the firm's method of calculation, the material risks are based on current market fluctuations.
- C.** StateTrust Capital, LLC's method of analysis does not have any significant or unusual risks.

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 StateTrust Capital, LLC or the integrity of StateTrust Capital, LLC's management. No issues have been reported since the last publication of this document.

Item 10 – Other Financial Industry Activities and Affiliations

StateTrust Capital, LLC is an affiliate with common ownership of StateTrust Investments, Inc., a FINRA Broker/Dealer whose registration was effective April 2001. StateTrust Investments, Inc. is a fully disclosed Broker/Dealer with a clearing arrangement with COR Clearing, LLC.

StateTrust Capital, LLC is also affiliated with other international companies: StateTrust Life & Annuities, LTD, StateTrust Bank and Trust Ltd, and Advisors International Corp, a BVI based investment advisor that currently manages some of the affiliate mutual funds.

Item 11 – Code of Ethics

StateTrust Capital, LLC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at StateTrust Capital, LLC must acknowledge the terms of the Code of Ethics annually, or as amended.

StateTrust Capital, LLC anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which StateTrust Capital, LLC has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which StateTrust Capital, LLC, its affiliates and/or clients, directly or indirectly, have a position of interest. StateTrust Capital, LLC's employees and persons

associated with StateTrust Capital, LLC are required to follow StateTrust Capital, LLC's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of StateTrust Capital, LLC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for StateTrust Capital, LLC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of StateTrust Capital, LLC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of StateTrust Capital, LLC's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between StateTrust Capital, LLC and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with StateTrust Capital, LLC's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. StateTrust Capital, LLC will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is StateTrust Capital, LLC's policy that the firm will not affect any principal transactions. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated Broker/Dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an Investment Adviser in relation to a transaction in which the Investment Adviser, or any person controlled by or under common control with the Investment Adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a Broker/Dealer or has an affiliated Broker/Dealer.

StateTrust Capital, LLC may from time to time and only when it meets the best interests of all clients involved effect agency cross transactions. Rule 206(3)-2 of the Advisers Act permits an investment adviser to act a broker for both its advisory client and the party on the other side of the brokerage without obtaining the client's prior consent to each transaction provided that StateTrust Capital, LLC complies with certain conditions as set forth under the Advisers Act.

StateTrust Capital, LLC may execute agency cross transactions between two clients provided such transactions comply with Rule 206(3)-2 under the Advisers Act. Generally, StateTrust Capital, LLC may have a conflicting duty of loyalty to both of the clients for whom it conducts agency cross transactions. Therefore, StateTrust Capital, LLC adopted an agency cross transaction policy and procedures designed to promote fairness among the client accounts managed by StateTrust Capital, LLC and to conform to applicable rules and regulations. StateTrust Capital, LLC will only conduct agency cross transactions if it is in the best interests of all clients involved in agency cross transactions, the transactions comply with StateTrust Capital, LLC's policies and procedures for best price and best execution, and StateTrust Capital, LLC does not receive, nor pay, any undisclosed fees with respect to an agency cross transaction effected for its clients.

Each agency cross transaction conducted by StateTrust Capital, LLC will be effected at the independent current market price of the security. StateTrust Capital, LLC will provide to its clients for whom it conducts agency cross transactions on an annual basis with, or as part of any written account statement from StateTrust Capital, LLC, a written disclosure statement identifying the total number of such agency cross transactions during the period since the date of the last such statement, and the total amount of all remuneration received or to be received by StateTrust Capital, LLC.

Item 12 – Brokerage Practices

StateTrust Capital, LLC has through its affiliated registered Broker/Dealer a program to offer its clients, wherein the investment decisions are made by the Investment Adviser and/or the client, and the registered Broker/Dealer provides custody- through a clearing agreement with Cor Clearing-, LLC , and also execution, technology, automated order entry, downloading capability, and electronic confirmation and statements for a fixed fee that will be included in the advisory fee charged to the client.

StateTrust Capital, LLC is for the most part a discretionary Investment Adviser. Accordingly, StateTrust Capital, LLC generally determines the securities and quantities to be bought and sold for each client account. On a monthly basis or as requested, clients receive itemized account statements reflecting present holdings and transactions for the account's stated period. Clients opting for services that include discretion over accounts as to what quantity of which securities are

to be bought or sold without prior authorization from that client will first be asked to sign a limited power of attorney authorizing the investment advisor or the money manager to act in that capacity.

While StateTrust Capital, LLC generally uses the services of its affiliate Broker/Dealer, a client may, in writing, direct StateTrust Capital, LLC to use a particular Broker/Dealer to execute portfolio transactions for its account. The client will be notified that the advisor will have to decide on a case-by-case basis whether or not the full range of intended services can be delivered to the client. StateTrust Capital, LLC's incentive to utilize its affiliated Broker/Dealer for trade executions is due to discounted commissions for the client and ease of review of transactions to ensure proper purchase or sale. However, utilizing StateTrust Investment, Inc. for client executions and transactions may represent a conflict of interest based on client referral. StateTrust Capital, LLC and its affiliated Broker/Dealer share similar ownership, representatives, agents, and personnel.

Additionally, Whenever feasible, trade orders will be aggregated when Adviser Representatives desire to purchase or sell the same security for multiple clients. STC will follow its trade aggregation policies as detailed in the Written supervisory procedures under section 6.3.9.

STC is committed to provide its clients best execution for customer orders. "Best execution" refers to using reasonable diligence to determine the best market to buy or sell a security and obtaining a price as favorable as possible under prevailing market conditions. StateTrust Capital's obligation to provide best execution also extends to handling and executing orders for customers through StateTrust Investments, or any other broker dealer chosen by the firm to execute the clients trades. STC follows StateTrust Investments Best Execution policies and has implemented within its trading procedures, processes to assure best prices to its customers.

STC has adopted Valuation Procedures as the method to follow when pricing securities in a client's portfolio. STC is authorized to engage the services of one or more qualified independent pricing services or to delegate pricing to a broker-dealer or other financial institution that maintains a client's account to value such client's portfolio securities.

In accordance with the Valuation Procedures, STC relies on pricing services or the broker-dealer that maintains the client's account to value client portfolio securities, assuming market quotations are readily available. When quotations are not readily available, STC shall follow the valuation procedures outlined in item 5.3.10.2 of the WSP's.

The advisory firm does not determine the commission rates to be paid; StateTrust Capital, LLC negotiates with the Broker/Dealer to obtain costs within the fee structure proposed by the firm. Such costs may need to be renegotiated periodically.

Item 13 – Review of Accounts

- A. Equity accounts are reviewed versus the models on a periodic basis with the manager.
- B. Fixed income accounts are reviewed with the manager as needed or as market conditions change.
- C. Accounts are monitored and reviewed as to asset allocation, sector allocation, individual holdings, suitability and performance on a monthly basis, or more frequently as necessary to respond to changes in economic or market conditions or if a client informs STC of changes in the client's financial circumstances or investment objectives. The monitoring of accounts is performed using both automated exception reports and manual reviews completed by our CCO or their designee. As requested, clients may receive written reports regarding their accounts. These reports include a portfolio appraisal and performance. In addition, on a monthly basis or as requested, clients receive itemized account statements reflecting present holdings and transactions for the account's stated period.

Item 14 – Client Referrals and Other Compensation

StateTrust Capital, LLC pays a referral fee to referral agents of StateTrust Capital, LLC for referring clients to the firm (this may include registered investment advisory firms), if and when any such client establishes a commercial relationship with the firm. The referral fee is a percentage of the fees charged by StateTrust Capital, LLC to its clients. As explained before; the Investment Adviser may pay a portion of the Advisory Fee to a solicitor(s) for the introduction/referral of the account/client and for handling certain administrative functions on the Adviser's behalf. This portion may range from 20 to 45 percent of the total fees charged to your account (Details available upon request). The administrative functions may include, but are not limited to: assisting clients in completing forms and in answering questions of a general nature pertaining to required documentation, investment objectives, changes in financial condition, and maintaining an informed and mutually satisfactory relationship between the Client and the Investment Adviser.

In addition, the firm may hire on a full-time basis certain individuals to promote its advisory services, without giving advice directly to clients. The firm may compensate such Solicitors with approximately a percentage of the annual fee charged by StateTrust Capital, LLC to those clients referred in this manner.

Rule 206(4)-3 specifies certain standards that must be met by an investment adviser and any person who solicits any client for, or refers any client to, an investment adviser prior to the payment of a

cash fee directly or indirectly. Prior to or at the time of executing an advisory contract, the adviser must receive a signed and dated acknowledgment from the client evidencing receipt of the adviser's brochure.

Item 15 – Custody

Clients should receive at least quarterly statements from a broker dealer bank or other qualified custodian that holds and maintains client's investment assets. StateTrust Capital, LLC urges Clients to carefully review such statements and compare such official custodial records to the account statements that StateTrust Capital, LLC may provide to Clients. The firm's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Due to the commonalities in owners/directors/and/or officers of some related companies such as the International Mutual Funds, the Investment Advisor is considered to have custody over the accounts of such related companies. (These International Mutual Funds undergo an independent annual financial review/audit as required by regulation). As mentioned before, effective September 1st 2013, the firm will no longer provide advisory services to these funds.

Item 16 – Investment Discretion

StateTrust Capital, LLC usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, StateTrust Capital, LLC observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, StateTrust Capital, LLC's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to StateTrust Capital, LLC in writing.

Item 17 – Voting *Client* Securities

STC does not have authority to vote proxies for retail clients, but does vote proxies for the International Mutual Funds it manages. As previously stated, as of September 1st 2013 the firm will no longer provide advisory services to these funds. Clients may obtain a copy of StateTrust Capital, LLC's complete proxy voting policies and procedures upon request. Clients may also obtain information from StateTrust Capital, LLC about how StateTrust Capital, LLC voted any proxies on behalf of their account(s).

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide Clients with certain financial information or disclosures about StateTrust Capital, LLC's financial condition. StateTrust Capital, LLC 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.