

## Item 1 – Cover Page

March 29, 2019

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This Wrap-Fee Brochure is CAPTRUST’s disclosure brochure (“Brochure”) for wealth clients utilizing advisory services offered by CAPTRUST’s PMA Wrap Fee Program. The Brochure provides information about the qualifications and business practices of CAPTRUST Financial Advisors. In compliance with recent regulatory requirements, we are obligated to provide clearly written, meaningful, current disclosure of our business practices, conflicts of interest and the background of our Financial Advisors.

If you have any questions about the contents of this Brochure, please contact us at (919) 870-6822 or toll-free at (800)216-0645, or you may reach the Compliance Dept by email at [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.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.

CAPTRUST Financial Advisors is an investment adviser registered under the Investment Advisers Act of 1940. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

Additional information about CAPTRUST Financial Advisors also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

(Please see our Privacy Policy on page 16)

## Item 2 – Summary of Material Changes

Under Item 4, minor changes were made to the Introduction summarizing the breakdown of ownership of CAPTRUST and pointing out that the parent, The CapFinancial Group, LLC owns just under 100% of CapFinancial Partners, LLC (CAPTRUST).

Additionally, Item 4 has been amended to disclose that in December of 2018, CAPTRUST made the decision to migrate away from Pershing, LLC's ("Pershing") broker dealer operating platform, to Pershing's investment advisor platform using Pershing Advisor Solutions, LLC ("PAS"). CAPTRUST's main focus is to operate as a fiduciary, which is consistent with and best suited for an investment advisor platform, rather than a broker-dealer platform. The PAS platform provides the same range of services and resources that our Clients typically have access to with no additional costs or fee increases. In the negotiation with Pershing, CAPTRUST was able to achieve a reduction in trading costs across the board.

We also explained that in order to participate in Wrap Fee Programs sponsored by CAPTRUST, Clients must utilize PAS (rather than CapFinancial Securities, LLC or "CFS") and establish an account at Pershing, LLC. Currently, Pershing continues to be the only custodian for the CAPTRUST Wrap Fee Programs.

We have updated the total amount of discretionary and nondiscretionary client assets under advisement. As of December 31, 2018, CAPTRUST's Form ADV Part 1 discloses a total of \$289,654,600,995 in assets under advisement. This included \$7,931,150,474 in Wealth Client (discretionary) assets under management and \$22,116,248,802 in Institutional Client (discretionary) assets under management for a total of \$30,047,399,276 in discretionary assets under advisement. The balance of the assets under advisement included on the Form ADV Part 1, represent nondiscretionary assets.

Currently, the number of discretionary wealth assets managed in this PMA Program are \$2,519,724,671 and non-discretionary wealth assets managed in the PMA Program are \$12,438,969.

CAPTRUST'S Wealth Management Services represents roughly 3% of assets under advisement, but 35% of advisory fee revenue; CAPTRUST Institutional/Retirement Plan Advisory Services represents 97% of assets under advisement, but 65% of advisory fee revenue.

Under "Client Investment Process", we summarized minor changes to the account opening and contracting process.

Also, under Item 4, "Negotiability of Fees and/or Account size" we removed references to transactions based compensation since the transition to the PAS platform eliminated this type of compensation with respect to PMA accounts, and added the following: "The only time an investment advisory representative may be compensated in connection to a transaction (i.e. by commission) would be when appointed by the client as "broker of record" for a non-advisory direct-to-the-fund account set up through CFS. In that case, CFS may be compensated by general promotion, advertising, and distribution fees (such as 12b-1 fees) in relation to purchases and sales of mutual fund shares in those types of non-advisory accounts."

Under Fee Disclosures and Conflicts of Interest, we removed any reference to "FundVest" program participation by CFS since CFS is no longer participating in Pershing's FundVest Program nor receiving any FundVest revenue in

connection with assets at Pershing, LLC. Similarly, we removed any reference to money market sweep compensation since CFS does not participate in any such revenue sharing.

The disclosure regarding “Liquidity Risk” has been amended to disclose that some funds, such as interval funds, utilized in strategies employed by CAPTRUST carry liquidity risk. In some circumstances, clients have had to wait several quarters when requesting liquidity from the manager of interval funds in PMA model portfolios.

Under Account Termination, we expanded the description as follows “Client may terminate this Agreement, without penalty, by sending written notice of termination to CAPTRUST within five business days of Client’s signing of this Agreement. Thereafter, either party may terminate this Agreement, with or without cause, upon not less than 30 days’ prior written notice given to the other party. Such termination will be effective on the date specified in that notice; provided it is at least 30 days after the other party’s receipt of such.”

Under Item 6 “Portfolio Manager Selection and Evaluation” we added a discussion about CAPTRUST’s limited participation in performance-based fees in connection with subadvisory agreement(s) between CAPTRUST and three private funds (Excelsior Funds) where two CAPTRUST Financial Advisors act as portfolio managers. The assets in those funds represent less than 3% of all wealth client assets and no assets in our PMA Program accounts.

Under Item 9, “Other Financial Industry Activities and Affiliations” was amended to include the following announcements: “In the second quarter of 2018, The CapFinancial Group, LLC (CAPTRUST’s parent company) acquired the assets of Catawba Capital Management Inc. (CRD#107133) with an office in Roanoke, VA. In the third quarter of 2018, the assets of Morton Wealth Management LLC (CRD #111471), with an office in Greensboro, NC were acquired. In the fourth quarter of 2018, the assets of Watermark Asset Management, Inc. (CRD# 108407), with an office in San Ramon, CA as well as the assets of First Capital Consulting, Inc. or “FCE Group” (CRD#111457), with an office in Lake Success, NY. Lastly, Ken Rogers and his team (dba Rogers Financial) located in Harrisonburg, VA joined CAPTRUST.”

Also, under Item 9, “Privacy Policy”, we updated the language to include the following as it relates to CAPTRUST’S use of cookies: “An internet cookie is a small amount of data that is placed on to your machine from a website and stored in your internet browser. Cookies allow our website to store things like preferences, so that it can recognize you when you come back respond appropriately. CAPTRUST makes use of cookies to improve the load times and functionality of the website, and in some cases registration pages. CAPTRUST may from time to time also utilize data tracking software to assist us in spotting trends, and areas of improvement in the website. By using this site, you are consenting your express approval allowing us to utilize these technologies so that we can improve our service and product for you. CAPTRUST may also use various third-party cookies to report usage statistics of the service. CAPTRUST also may use cookies to authenticate users and prevent fraudulent use of user accounts”

In addition, under Item 9 “Brokerage Practices” we deleted the reference to CFS’s participation in the trade error/correction process since CFS is no longer involved in the process of trade corrections at Pershing LLC. We have also added that, in its negotiations with Pershing, CAPTRUST has reduced its trading costs across the board but has not lowered its advisory fees in connection with services provided to PMA Program accounts. This arrangement with PAS/Pershing may pose a conflict of interest to the extent it creates an incentive for CAPTRUST to suggest that Clients use the PMA program and maintain their assets in accounts at Pershing, rather than solely on

the basis of the nature, cost or quality of custody and brokerage services provided by Pershing to clients. However, CAPTRUST is constrained by fiduciary principles to act in its Clients' best interests and will suggest Pershing or other custodians to clients only when it appropriate to do so. In addition, CAPTRUST maintains an awareness of the services provided to Clients by the Pershing and other custodians in an effort to ensure that Clients are well served.

If a trade error were to occur in a PMA program account, CAPTRUST may profit (or absorb a loss) from the transaction or as a result of making the correction. CAPTRUST has controls in place to limit trade errors. Your Financial Advisor will not participate in any profits resulting from such errors.

Under Item 9, Additional Information, we updated our Business Continuity/Disclosure Summary.

Finally, syntax, formatting and typographical errors have been corrected throughout.

This Summary of Material Changes reflects only material changes to this Brochure since our last amendment dated March 30, 2018. A full copy of our Brochure may be requested by email at [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com) or by contacting us toll-free at (800) 216-0645. Additional information about CAPTRUST Financial Advisors is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with CAPTRUST Financial Advisors who are registered, or are required to be registered, as investment adviser representatives of CAPTRUST Financial Advisors.

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## Item 4 – Services, Fees and Compensation

### Introduction

CAPTRUST Financial Advisors, also known as CapFinancial Partners, LLC, (“CAPTRUST” or “Adviser”) was established in April 2003 and approved as a Registered Investment Adviser in September 2003. The CapFinancial Group, LLC (a North Carolina limited liability company) owns just under 100% of CAPTRUST. CapFinancial Holdings, Inc. (a North Carolina corporation) is the majority owner of The CapFinancial Group, LLC and Mr. James Fielding Miller, the CEO of CAPTRUST, owns slightly less than 40% of CapFinancial Holdings, Inc.

The CapFinancial Group, LLC and CapFinancial Holdings, Inc. are owned and operated by CAPTRUST employees and based in Raleigh, North Carolina. CAPTRUST is an Investment Adviser registered under the Investment Advisers Act of 1940. CAPTRUST’s affiliate, CapFinancial Securities, LLC, (“CFS”) is a member FINRA/SIPC. As a fully disclosed, introducing broker/dealer, CFS utilizes the clearing, execution and custodial services of Pershing LLC, an independent clearing firm.

However, in December of 2018, CAPTRUST made the decision to migrate away from Pershing’s broker dealer operating platform, to Pershing’s investment advisor platform using Pershing Advisor Solutions, LLC (“PAS”). CAPTRUST’s main focus is to operate as a fiduciary, which is consistent with and best suited for an investment advisor platform, rather than a broker-dealer platform. The PAS platform provides the same range of services and resources that our Clients typically have access to with no additional costs or fee increases. In the negotiation with Pershing, CAPTRUST was able to achieve a reduction in trading costs across the board.

CAPTRUST’s wrap fee programs (“Wrap Fee Programs” or “Program”) are designed to assist clients, both individuals and institutions (such as corporations and other business entities, trusts, estates, and charitable organizations) (“Client”), to identify their investment needs and to obtain professional asset management for a convenient single “wrap” fee (“Wrap Fee”). CAPTRUST is the “Program Sponsor” of Wrap Fee Program(s), which are administered through Pershing, LLC (“Pershing” Pershing) so in order to participate in Wrap Fee Programs sponsored by CAPTRUST, Clients must utilize PAS and establish an account at Pershing, LLC. Currently, Pershing continues to be the only custodian for the CAPTRUST Wrap Fee Programs.

CAPTRUST also sponsors another Wrap Fee Program called the “Separately Managed Account Program” or “SMA Program” provides wealth management and consulting services (on a “non-wrap fee basis”); and Retirement Plan Advisory Services, which are disclosed in separate Disclosure Brochures (Forms ADV Part 2; and Appendix(s).

CAPTRUST’s Form ADV currently of \$289,654,660,995 in assets under advisement. This included \$7,931,150,474 in Wealth Client (discretionary) assets under management and \$22,116,248,802 in Institutional Client (discretionary) for a total of \$30,047,399,276 in discretionary assets under advisement. The balance of the assets under advisement included on the Form ADV, represent nondiscretionary institutional assets.

Currently, the number discretionary wealth assets managed in this PMA Program are \$2,519,724,671 and nondiscretionary wealth assets managed in the PMA Program are \$12,438,969.

CAPTRUST'S Wealth Management Services represents roughly 3% of assets under advisement, but 35% of advisory fee revenue; CAPTRUST Institutional/Retirement Plan Advisory Services represents 97% of assets under advisement, but 65% of advisory fee revenue.

## **Client Investment Process**

The Financial Advisor at CAPTRUST ("Financial Advisor" or "FA") assists the Client in determining his/her Investment Goals and Objectives ("IGO") before selecting and recommending an investment style allocation and/or a diversified portfolio of investments, including investment vehicle(s) and/or Independent Investment Manager(s) ("Investment Manager") appropriate for the Client. This is done both initially and on an on-going basis. The Financial Advisor collects financial and personal information from the Client, assists the Client in establishing his/her Client's IGO and strategies, and evaluates the suitability of the product(s) for the Client. The Financial Advisor recommends to the Client, Investments and/or Investment Manager(s). Please see Item 6 for the investment/manager selection and portfolio management process.

The Adviser will provide the Client with CAPTRUST's Investment Advisory Agreement ("IAA") and the PAS [new] account opening paper work (such as brokerage forms/agreement(s), along with a copy of this "Wrap Brochure". Completed account opening paperwork is submitted to PAS and the IAA is reviewed and approved by CAPTRUST's Compliance Department.

CAPTRUST utilizes PAS to open a separate account at Pershing, LLC for the Client's managed account assets. As a part of this process, the Client and CAPTRUST will enter into an IAA with a schedule of services describing the PMA Program (see detail below). The IAA will, among other things, describe CAPTRUST's fee for its services.

PMA Portfolio Managers are defined as: 1) The Investment Committee described in Form ADV Part 2B attached as an addendum to this Brochure, or 2) the CAPTRUST Financial Advisor ("FA") who determines the investments in the Client's account.

The Client is required to inform CAPTRUST and the Financial Advisor, at least annually, of any changes to their financial condition or of any additional investment restrictions and/or modifications to existing investment restrictions the Client wishes to impose. CAPTRUST immediately forwards to the Portfolio Manager(s) (previously defined) any responses from the Client which would impact the daily management of the Client's portfolio. There are no restrictions on the ability of Client to contact and consult with PMA Portfolio Managers. Clients are encouraged to direct questions about their portfolio or account(s) to his/her CAPTRUST Financial Advisor ("FA"), or to his/her CAPTRUST Client Management Consultant ("CMC"). However, Clients may direct questions to members of the Investment Committee whose names are included in this Brochure. CAPTRUST reviews suitability for each Client PMA account ("Account" or "Investment Portfolio"), based on the Client's risk profile and total value of assets disclosed by the Client.

**The services that may be offered by CAPTRUST to Clients include the following:**

- Establishing written investment strategies through the documentation of a Client's IGO as outlined by the Client and his/her Financial Advisor.



- Determining asset allocation strategies to meet the financial goals of the Client.
- Determining specific investment style allocations.
- Identifying tax optimization strategies.
- Researching and evaluating investment management firms, their mutual funds, exchange traded funds (ETFs), collective trusts, and other investment vehicles appropriate for the Client's Investment Portfolio.
- Identifying specific independent, unaffiliated money management firms appropriate for the Client's Investment Portfolio.
- Hiring independent money management firm(s) on behalf of the Client.
- Reporting and reviewing the performance of money management firms and other investment vehicles.
- Performing quarterly investment reviews.
- Periodic rebalancing and investment plan re-allocating Client's Investment Portfolio.
- Acting as the Portfolio (Investment) Manager for the CAPTRUST Wrap Programs.
- Providing investment consulting services not related to managed account services.

## **CAPTRUST "PMA" or Portfolio Management Account**

CAPTRUST sponsors the "Wrap-Fee" Program, described here, called "PMA" or "Portfolio Management Account." Regardless of whether a Client is utilizing the Investment Committee as Portfolio Manager, or the FA as Portfolio Manager, CAPTRUST utilizes both a risk-based and outcomes-based approach to asset allocation broadly defining the following asset classes: US Equities; Intl. Equities; Fixed Income; Global Asset Allocation; Strategic Opportunities; Commodities; Real Estate; and Cash.

**Description of Program:** The minimum initial investment for participation in CAPTRUST's PMA Program is typically \$50,000. The PMA accounts can be set up on either a discretionary basis or a non-discretionary basis. For discretionary PMAs, the "PMA Portfolio Manager" implements changes in the Client's Investment Portfolio(s), including any of the investment selections (for example, mutual funds/ETFs, stocks, bonds or cash) or allocations to a particular model, without obtaining Client's prior consent to those changes. In this way, the "PMA Portfolio Manager" has limited discretion to change the investment selection(s).

PMA Portfolios managed by the Investment Committee are actively managed, and Clients will not be consulted before changes to the portfolio are made. Similarly, PMA Portfolios managed by the Financial Advisor may be changed if the FA determines change to the Investment Portfolio is advisable, or if the investment selection no longer meets the Client's IGO, or if a mutual fund ("mutual fund" or "Fund") experiences a fundamental change in management which would mandate a replacement of that fund, or, is otherwise in the Client's best interest. In that case, the Financial Advisor may replace an investment selection without consulting with the Client first. To this extent, the Client grants "discretionary" authority to the Financial Advisor with respect to changes to the investment selections. However, the Client can nevertheless elect to change investment selection(s) or make

reasonable modifications to his/her investment portfolio at any time by sending written notice to the Financial Advisor.

For *non-discretionary* PMAs, the Portfolio Manager must be the Client's Financial Advisor (as opposed to the Investment Committee), since the FA must first make a recommendation before implementing changes in the Client's Investment Portfolio(s). In this case, before changing any of the investment selections, the FA would obtain Client's consent. Again, the Client can elect to change investment selection(s) or make reasonable modifications to his/her investment portfolio at any time by sending written notice to the Financial Advisor.

CAPTRUST clients may have more than one PMA account, such as a PMA where the FA is the Portfolio Manager, and a PMA where the Investment Committee acts as Portfolio Manager and allocates to strategic models described in Item 8 below.

**Performance Reviews.** CAPTRUST provides Clients with a composite level performance report accompanied by an asset summary through its Advent Black Diamond system.

**Confirmations/Statements.** Clients may elect to have [daily] confirmations redirected or suppressed, in accordance with then current legal requirements. Clients may elect to have duplicate statements sent to their Financial Advisor or other interested party. Monthly account statements and confirmations may be received by Clients electronically.

**Fees for Services:** The maximum annual fees for CAPTRUST's services under the PMA Program are:

Assets Under Management	Maximum Fee Rate
First \$1mill	Up to 2.25%
Next \$4mil	Up to 1.75%
Above \$5mill	Up to 1.25%

**Negotiability of Fees and/or Account Size:** Fees, minimum accounts sizes and services are negotiable and may be waived under certain circumstances. For example, Adviser, in its sole discretion, may charge a lesser (or no) advisory fee based upon certain criteria (e.g. existing financial planning client relationship, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with Client, etc.).

The only time an investment advisory representative may be compensated in connection to a transaction (i.e. by commission) would be when appointed by the client as "broker of record" for a non-advisory direct-to-the-fund account set up through CFS. In that case, CFS may be compensated by general promotion, advertising, and distribution fees (such as 12b-1 fees) in relation to purchases and sales of mutual fund shares in those types of non-advisory accounts.

**Communications:** No client information is communicated by CAPTRUST to any underlying mutual fund companies. Financial Advisors may setup a call between a Client and CAPTRUST Research Department staff upon request.

## **Fees Disclosures and Conflicts of Interest**

For CAPTRUST PMA Program, fees (“CAPTRUST Fees”) charged to the Client are documented in the Client’s IAA. CAPTRUST Fees are annual and will be payable quarterly, in advance, at the beginning of each calendar quarter. The initial fee will be prorated (calculated on a per diem basis) beginning on the date of acceptance of the contract based upon the value of the Account on the date of acceptance to cover the period from that date through the end of that calendar quarter. Thereafter, the CAPTRUST Fees for each ensuing calendar quarter will be based on the account value (calculated as the market value of all long and short securities positions in the Account) on the last business day of the preceding calendar quarter and will be due the following business day. When additional assets are received into an Account during a quarter or if assets are withdrawn during a quarter, a fee adjustment will be made to the following quarter’s fee calculation and will be reflected upon the client statement. A pro-rata refund of CAPTRUST Fees charged for a calendar quarter (calculated on a per diem basis as of the date of closing) will be made if an Account is closed within that calendar quarter.

Unless the parties agree otherwise, in writing, the applicable CAPTRUST Fees will be deducted directly from the applicable Account and the Client authorizes Pershing, on behalf of CAPTRUST, to debit the cash or money market balances in the Account in payment of the CAPTRUST Fees and to debit other positions in the Account if the cash and money market balances in the Account are not sufficient to cover the payment of the CAPTRUST Fees. CAPTRUST Fees, minimum accounts sizes, and services are negotiable and may be waived under certain circumstances. For example, CAPTRUST, or the Financial Advisor, in its sole discretion, may charge a lesser (or no) advisory fee based upon certain criteria (e.g. existing financial planning client relationship, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with Client, etc.).

Although the fees listed above are minimum/maximum “default” fees, they may be negotiable under certain circumstances. The fee encompasses all transaction related costs associated with the execution of the transaction. The fee schedule as agreed upon in the IAA may not be increased unless by written consent of the Client (reduction to the fee schedule does not require a written consent).

Fees described herein paid to CAPTRUST Financial Advisors in connection with the provision of investment advice and/or Client-related services within the CAPTRUST Programs may be more than CAPTRUST’s Financial Advisors would receive if Clients paid separately for investment advice, brokerage, and other services and; therefore, CAPTRUST Financial Advisors may have a financial incentive to recommend CAPTRUST’s PMA Program services over other programs or services.

Clients should be aware that mutual funds have expenses that are separate and apart from any fees charged by CAPTRUST. These expenses are disclosed in the prospectus for each mutual fund and usually expressed as an “expense ratio.” Also, mutual funds may charge early redemption fees should Fund holdings in the account be liquidated within a certain period of time, typically within 30 to 180 days dependent upon each mutual fund company’s policy. CAPTRUST advises Clients to buy and hold recommended securities unless an event triggers a change to CAPTRUST’s opinion on a particular mutual fund or fund management. CAPTRUST monitors Client accounts closely for any activity that may cause such a penalty. However, Clients should refer to the respective mutual fund’s prospectus and statement of additional information for information regarding these fees and expenses.

Adviser may recommend Wealth Clients invest in [hedge] fund(s)-of-funds. Fund(s)-of-funds typically carry additional fees over and above the fees discussed in this section. Since hedge fund managers typically charge performance fees (over and above their management fee) and because hedge fund(s)-of-funds are comprised of allocations to many hedge fund managers, each manager charges its own management fee and many also charge performance fees which creates a layering effect. Consequently, CAPTRUST Wealth Clients should be aware of these unusual (additional) costs associated with investing in fund(s)-of-funds. Each fund-of-fund discloses its own fee structure in the prospectus for that fund. Unless separately disclosed to the client, CAPTRUST shall not receive any portion of these charges, fees and costs.

Generally, CAPTRUST purchases institutional class or no-load mutual funds in Investment Portfolios which do not generate sales charges. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from Fund assets, therefore, indirectly from client assets. Pershing Advisor Solutions may be compensated by general promotion, advertising, and distribution fees (12b-1 fees) in relation to Client purchases and sales of mutual fund shares in a PMA account at Pershing, but CAPTRUST does not participate in those 12b-1 fees.

CAPTRUST Programs may cost the Client more or less than purchasing such services separately and will depend on the trading activity in the Client's account. The cost of non-wrapped investment advisory services is lower than investment advisory services provided under the Wrap Fee Program. Because CAPTRUST may receive more compensation from a client from the client's participation in the Program than if the client received advisory services and brokerage services separately, CAPTRUST may have a financial incentive to recommend the Program to clients over other types of advisory services.

CAPTRUST may give advice to others that may be different from the advice given to Program Clients. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. In addition, certain advisors may not be available to certain clients outside the CAPTRUST Program because of minimum account sizes, fee schedules, geographic availability, or other factors. A non-wrapped pricing arrangement may be more cost effective for accounts that do not experience frequent trading activity. Because of the single fee charged to a CAPTRUST Program Account, CAPTRUST may be regarded as having a conflict of interest in that it may realize a greater profit on a Program Account with a relatively low rate of portfolio turnover compared to other types of accounts, assuming the same level of fees.

All fees may be subject to negotiation. When negotiating fees, factors considered, but not limited to, include: (i) clients with multiple accounts; (ii) size of the account; (iii) a prior or existing relationship; and (iv) a client's particular needs or financial characteristics. Due to the fact that fees may vary, clients with existing accounts may be charged fees not matching precisely the foregoing fee schedules or the fees paid by other clients.

Other costs that may be assessed that are not part of those outlined above include fees for portfolio transactions executed away from the broker/custodian selected by the client, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers, and exchange fees, among others. Broker/custodian may charge Client certain additional and/or minimum fees.

The Program Wrap Fee does not include: (i) administrative fees, such as wire fees, charged by Pershing (ii) certain odd-lot differentials, transfer taxes, regulatory transaction fees passed through to the account by Pershing, postage

and handling fees, and charges imposed by law with regard to transactions in the Client's Account; and (iii) advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in Client's Account.

**Account Termination:** Client may terminate this Agreement, without penalty, by sending written notice of termination to CAPTRUST within five business days of Client's signing of this Agreement. Thereafter, either party may terminate this Agreement, with or without cause, upon not less than 30 days' prior written notice given to the other party. Such termination will be effective on the date specified in that notice; provided it is at least 30 days after the other party's receipt of such.

Termination will not affect a party's responsibilities under this Agreement for transactions already initiated or Client's responsibilities under this Agreement for Fees owed for Services rendered or costs incurred by CAPTRUST through the effective date of termination. Upon termination, CAPTRUST will have no further obligation to act or advise with respect to any assets in the Account(s).

Upon termination of an IAA, the Client may, but is not required to, request that CAPTRUST liquidate the Account(s) and, if so, CAPTRUST will do so in an orderly and efficient manner. Note that in connection with the liquidation of securities, unit investment trusts, or mutual funds: (i) in certain circumstances there may be fees chargeable to the Client; and (ii) the decision to liquidate may result in tax consequences that should be discussed with the Client's tax advisor. All efforts will be made to process the liquidation in an efficient and timely manner; but, in no event, will CAPTRUST be responsible for market fluctuations in the Account(s) from the time of written notice until complete liquidation. Factors that may affect the liquidation of the Account(s) would be size and type of issues, liquidity of the market, and market makers' abilities. Should the necessary securities markets be unavailable, and trading suspended, efforts to trade will be done as soon as possible following their reopening. Since some strategies utilized in the PMA Program allocate to mutual funds that do not have daily liquidity, a Client terminating his/her PMA account with an allocation to such a fund may have to wait until a repurchase request is processed by the investment manager. Typically, an allocation to such a fund would not exceed 20% of the total portfolio.

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

### **Account Requirement**

Certain Investment Managers may not be available to certain Clients outside the consulting relationship because of minimum account sizes, fee schedules, geographic availability, or other factors.

### **Types of Clients**

CAPTRUST provides investment advisory services to Individuals, Trust, Estates and charitable organizations, foundations, endowments, corporations or other businesses not listed here.

### **Minimums**

Adviser maintains a minimum account size requirement for its Wrap Fee Program Clients of \$50,000 to initially establish an account. The value of this account is subject to fluctuation, and therefore there is not a minimum maintenance requirement. Adviser retains the right to waive minimum initial account sizes should Adviser feel it is necessary.

## Item 6 – Portfolio Manager Selection and Evaluation

As described in Item 4, PMA Portfolio Managers are defined as: 1) The Investment Committee described in Form ADV Part 2B attached as an addendum to this Brochure, or 2) the CAPTRUST Financial Advisor (“FA”) who determines the investments in the Client’s account.

CAPTRUST uses industry standards to measure the performance of the independent Investment Managers (and investment funds and securities) the firm recommends and selects; however, CAPTRUST does not use a third-party auditor to review and verify the performance of the Investment Managers or funds.

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

CAPTRUST does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client). However, in connection with the acquisition of the assets of FCE Group, the principals and founders of FCE Group joined CAPTRUST and the clients of FCE Group consented to the assignment of their advisory agreements to CAPTRUST. CAPTRUST entered into subadvisory agreements with First Capital Consulting, the investment adviser to three private limited partnerships, in order for the two principal portfolio managers to continue to manage the assets in the three funds (collectively referred to herein as the “Excelsior Funds”). Since the fee structure of the Excelsior Funds include performance-based fees for which a portion may be received by CAPTRUST in connection with the subadvisory agreement(s), we are making this disclosure to you even though the client assets invested in the Excelsior Funds represent less than .06% of all client assets under advisement by CAPTRUST and no assets in any PMA Program Account.

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

CAPTRUST’s investment strategy begins with an understanding of a Client’s financial goals. Financial Advisors use demographic and financial information provided by the Client to assess the Client’s risk profile and investment objectives in determining an appropriate strategy for the Client’s assets. Investment strategies generally include long- or short-term purchases of stock portfolios, mutual funds and fixed income securities and may include margin transactions, and options strategies

CAPTRUST utilizes both a risk-based and outcomes-based approach to asset allocation. The following asset classes: US Equities, International Equities, Fixed Income, Strategic Opportunities, Commodities and Real Estate are allocated amongst a series of models. Our outcomes- based models consist of our Discretionary Consulting Portfolios (“DCP”), Capital Preservation, Fixed Income, Income, Core Opportunities, Conservative Growth, Moderate Growth, Aggressive Growth and All Equity. Our risk-based models consist of our Managed Account Portfolios (“MAP”) Income, Conservative, Moderate, Growth, and Aggressive. Within each model, CAPTRUST has several strategies including, Discretionary Consulting Portfolios (“DCP”) with and without munis, DCP Prime, DCP Flex, DCP Focused, Managed Account Portfolio (“MAP”) with and without munis and Dividend Equity. PMA Investment Portfolios where the CAPTRUST Investment Committee acts as Portfolio Manager may be allocated to one or more of these strategies using the asset allocated models described here.

**CAPTRUST Investment Committee:** Certain members of CAPTRUST Consulting Research Group (CRG) are also members of the “Investment Committee” (see ADV Part 2B attached as an addendum to this Brochure). CRG

researches Investment Managers using proprietary screening and evaluation of registered investment companies (such as mutual funds) and their portfolio managers, as well as other managed investment vehicles (collectively referred to as “Investment Managers”). CAPTRUST employs a multi-step process in screening the Investment Managers to determine if they are suitable for its managed account programs. Each Investment Manager is evaluated on the basis of extensive information provided by that Investment Manager, including descriptions of its investment process, investment strategies employed, operational structure, and its Form ADV, Part 2. CAPTRUST then attempts to verify that information by comparing it to other data from publicly available data collection sources. During this process, CAPTRUST also employs proprietary technical quantitative and qualitative analyses. CAPTRUST also evaluates certain investment strategies including mutual funds, indexes, or other managed investment vehicles which may be included in an overall asset allocation for Wealth Clients. CAPTRUST requests that Investment Managers adhere to Global Investment Performance Standards (GIPS) issued by the CFA Institute and every attempt is made to obtain performance information which is calculated on a uniform and consistent basis. In most cases, performance data approved by CAPTRUST for Client viewing will have been calculated based on a uniform and consistent standard. However, some Investment Managers may provide information which does not entirely conform to these uniform standards. In those instances, the affected performance information will be specifically identified as having not been calculated based on the uniform standard normally used.

It is important to note that investing in securities involves certain risks that are borne by the investor. For any risks associated with registered investment company products, please refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.



- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Some funds utilized in strategies employed by CAPTRUST carry liquidity risk. In some circumstances, clients have had to wait several quarters when requesting liquidity from the manager of interval funds in PMA model portfolios.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Concentration Risk:** Concentration Risk: The probability of loss due to heavy exposure to a single investment, equity or issuer. Some funds utilized in risk-based asset allocation (model strategies such as "DCP," "MAP," "Income," "Flex Income," or "Income w Muni's") employed by CAPTRUST carry a kind of concentration risk since Clients may own more than one fund managed by the same issuer; or Clients may be invested in several funds with similar strategies which poses a type concentration risk. Another form of "concentration risk" occurs when one group of Clients comprise a large portion of a mutual fund's total asset base, those investors experience an additional risk (over and above the risks associated with the investment's strategy) due directly to the "concentration" of their assets in that fund. CAPTRUST strategies may involve some or all of the types of concentration risk described here.
- **Other risks:** Our recommended strategies include these risks (listed above) as well as other risks that are more specifically associated with managers, strategies, funds or instruments we select or recommend. For example, some recommended managers use derivatives (such as options as a hedge) which pose special risks; others carry liquidity risk specific to underlying investments; additionally, some of our asset allocated model portfolios have a particular concentration risk since we may allocate a large portion of a portfolio to a single manager, or a fund complex. Some portfolios include alternative (or uncommon) investment strategies; or allocations to funds with limited or no prior history of operations. Each recommended manager discloses risks associated with investing in their fund(s) separately (in their respective brochures and/or prospectuses). Although we acknowledge that Clients are relying on CAPTRUST to manage portfolio risk, Clients are encouraged to read prospectuses and ask questions of our financial advisors, portfolio managers or compliance team members. Please call (919) 870-6822 or send a message to [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com).

## Voting Client Securities

In general, CAPTRUST Wealth Clients delegate the authority to vote their proxies to CAPTRUST in their IAA. It is CAPTRUST's aim to see that proxies are voted in the best interest of its clients. In General, the proxy voting guidelines are designed to be responsive to the wide range of issues that can be raised in proxy situations. The Proxy Voting Policy contains detailed guidelines and specific methods by which conflicts of interests are addressed.

To obtain a copy of CAPTRUST's Proxy Voting Policy or for a copy of CAPTRUST's Proxy Voting record, Clients can contact CAPTRUST directly at: (800) 216-0645 or (919) 870-6822 or may email



[compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com) or write to CAPTRUST “Compliance” to obtain the information at the address below:

CAPTRUST  
4208 Six Forks Road  
Suite 1700  
Raleigh, NC, 27609

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

For the CAPTRUST PMA, CAPTRUST is both the Client’s investment adviser and Portfolio Manager. So, your Portfolio Manager has the same access to your information as CAPTRUST. Your information includes, among other things, income, net worth, risk tolerance, and investment objectives. Your portfolio manager uses this information to determine the appropriate asset allocation and manage your investments. When you update your information with CAPTRUST, your Portfolio Manager will have immediate access to the same updated information.

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

Clients typically communicate with their Financial Advisor at CAPTRUST who acts as the relationship manager and/or the Client Management Consultant who acts in a supporting role to the Financial Advisor. Clients may also communicate with CAPTRUST Portfolio Managers directly. For the PMA Program, the Portfolio Manager is either the CAPTRUST Financial Advisor or a member(s) of CAPTRUST’s Investment Committee. There are no specific restrictions on direct client communication with Portfolio Managers in the PMA Program.

## **Item 9 – Additional Information**

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client or prospective client’s evaluation of CAPTRUST or the integrity of CAPTRUST’s management. Neither CAPTRUST management, nor members of CAPTRUST’s Investment Committee have any reportable disciplinary history for this Item. Each Financial Advisor who acts as a Portfolio Manager has a separate Form ADV Part 2B. Please refer to your Financial Advisor’s Form ADV Part 2B for personal disciplinary information for that FA.

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

CAPTRUST, an investment adviser registered under the Investment Advisers Act of 1940, is affiliated by common ownership with CapFinancial Securities, LLC (“CFS”) a member of the FINRA and SIPC. Pensionmark Financial Group, LLC (“PFG”), an investment adviser registered under the Investment Advisers Act of 1940, is affiliated with CAPTRUST by common ownership. Some associated persons of PFG are also registered as Investment Advisory

Representatives of CAPTRUST and/or registered representatives of CFS. PFG owns Pensionmark Securities, LLC (Member FINRA/SIPC). PFG and CAPTRUST share a physical location and have supervised persons in common.

In the second quarter of 2018, The CapFinancial Group, LLC (CAPTRUST's parent company) acquired the assets of Catawba Capital Management Inc. (CRD#107133) with an office in Roanoke, VA. In the third quarter of 2018, the assets of Morton Wealth Management LLC (CRD #111471), with an office in Greensboro, NC were acquired. In the fourth quarter of 2018, the assets of Watermark Asset Management, Inc. (CRD# 108407), with an office in San Ramon, CA as well as the assets of First Capital Consulting, Inc. (CRD#111457), with an office in Lake Success, NY. Lastly, Ken Rogers and his team (dba Rogers Financial) located in Harrisonburg, VA joined CAPTRUST. Freedom One Retirement Services, LLC ("FORS") is also affiliated with CAPTRUST by common ownership. CAPTRUST acts as a discretionary ERISA 3(38) investment manager for Plan Clients for whom recordkeeping services are provided FORS ("Freedom401k Clients"). Freedom401k Clients may be paying more or less for recordkeeping services than other Plan Clients utilizing unaffiliated record keepers.

Many Financial Advisors are life insurance licensed in order to act as agent of record for those Clients who own life insurance products. Financial Advisors at CAPTRUST may occasionally recommend fixed or variable annuities or life insurance to their Wealth Clients when assisting them in executing their financial plan. Both CFS and CAPTRUST have business entity insurance licenses.

CFS as a registered broker-dealer, offers individuals (Wealth Clients) and institutional (Plan Clients) general securities investment services. Most CAPTRUST Investment Adviser Representatives are simultaneously registered as CFS Registered Representatives. A Financial Advisor generally spends less than 10% of his/her time on work done for Clients focused on activities consistent with the definition of broker/dealer activities.

As a result of certain investment related recommendations (or other investment advisory services) provided to its Clients, the Adviser may facilitate certain securities purchases and/or sales; or insurance product purchases and/or sales on behalf of Clients. Such transactions may be facilitated by Adviser, through CFS, in its capacity as a registered broker/dealer and insurance agent (business entity). Commissions charged by CFS may be higher or lower than obtainable elsewhere. All compensation related to the sale of insurance products is separate from advisory services.

CAPTRUST no longer recommends that Wealth Clients establish brokerage accounts through CFS. Instead, CAPTRUST uses PAS to introduce client accounts to Pershing. Pershing maintains custody of Clients' assets in the PMA Wrap Program and provides execution services to CAPTRUST client accounts introduced by PAS. Clients using CAPTRUST Wrap Programs are required to use Pershing which provides the managed account platform for CAPTRUST's Wrap Programs. However, some CAPTRUST Wealth Clients utilize Fidelity, Schwab or TD Ameritrade for custodial and execution services ("other custodians") under CAPTRUST's non-wrap wealth advisory services. Pershing and other custodians are FINRA registered Broker-Dealers. CAPTRUST is independently owned and operated and not affiliated with Pershing or any custodian. Custodial and execution fees charged by these other custodians varies so that Clients may pay more for similar services than clients in this PMA program using Pershing.

## **Code of Ethics**

Personal transactions in securities by directors, officers and employees of CAPTRUST who have access to nonpublic information regarding Clients' purchase and sale of securities, are involved in making securities recommendations to Clients or who have access to such non-public recommendations ("access persons") are subject to the restrictions and procedures in CAPTRUST's Code. All supervised persons at CAPTRUST must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code addresses, among other things, the following: (i) general principles that address CAPTRUST's fiduciary obligations to its Clients, (ii) personal securities trading procedures restricting the purchase and sale, by access persons for their own accounts, of specific securities; (iii) provisions relating to the confidentiality of Client information; (iv) a prohibition on insider trading; and (v) restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment.

Occasionally, access persons of Adviser may recommend that Clients buy or sell the same securities or investment products that access persons of the Adviser also own. In such circumstances, Adviser shall give precedence to Client transactions. CAPTRUST's employees and persons associated with CAPTRUST are required to follow the Code of Ethics. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CAPTRUST 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 not materially interfere with the best interest of CAPTRUST's Clients. In addition, the Code requires pre-approval of specific types of 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. Employee trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between CAPTRUST and its' Clients.

CAPTRUST may, in its' discretion, "bunch" orders being placed for execution at the same time for the accounts of two or more clients, which may include accounts in which CAPTRUST's affiliates and employees may have an ownership interest, where it believes such aggregation is appropriate and in the best interest of its Clients. (See "Block Trades" under "Brokerage Practices" below for additional information).

CAPTRUST's Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Compliance Department at (919) 870-6822 or (800) 967-9948.

## **Brokerage Practices**

For CAPTRUST PMA accounts maintained in custody by Pershing, Pershing generally does not charge PMA accounts separately for custody services. CAPTRUST has entered into a Brokerage Custody Services Agreement with Pershing Advisor Solutions, LLC ("PAS"). Under that agreement, PAS bills CAPTRUST for execution and other transaction-related fees in connection with PMA Wrap Program accounts. As discussed in Item 4, in its negotiations with Pershing, CAPTRUST has reduced its trading costs across the board but has not lowered its advisory fees in connection with services provided to PMA Program accounts. This arrangement with PAS/Pershing may pose a conflict of interest to the extent it creates an incentive for CAPTRUST to suggest that Clients use the PMA program and maintain their assets in accounts at Pershing, rather than solely on the basis of

the nature, cost or quality of custody and brokerage services provided by Pershing to clients. However, CAPTRUST is constrained by fiduciary principles to act in its Clients' best interests and will suggest Pershing or other custodians to clients only when it appropriate to do so. In addition, CAPTRUST maintains an awareness of the services provided to Clients by the Pershing and other custodians in an effort to ensure that Clients are well served.

If a trade error were to occur in a PMA program account, CAPTRUST may profit (or absorb a loss) from the transaction or as a result of making the correction. CAPTRUST has controls in place to limit trade errors. Your Financial Advisor will not participate in any profits resulting from such errors.

Occasionally, Financial Advisors of CAPTRUST may act as broker of record for a "direct to the fund" account established by a Client of CAPTRUST, but those accounts would not be the subject of an advisory agreement with CAPTRUST. In this way, a CAPTRUST Financial Advisor may effect securities transactions for Clients as registered representatives of a broker/dealer. All FINRA, SEC, and other regulatory agencies disclosure requirements and policies are observed for all transactions.

CFS may receive compensation for transactions as described above. This compensation is separate and distinct from CAPTRUST's compensation related to its investment advisory services. Similarly, Financial Advisors of CAPTRUST who are also license insurance agents may act as the agent of record for a CAPTRUST Client and be compensated by insurance commissions for the sale of insurance policies, but those policies would not be the subject of an advisory agreement with CAPTRUST.

**Block Trades:** CAPTRUST may, in its discretion, "bunch" orders being placed for execution at the same time for the accounts of two or more clients, which may include accounts in which CAPTRUST's affiliates and employees may have an ownership interest, where it believes such aggregation is appropriate and in the best interest of its Clients. This practice may enable CAPTRUST to seek more favorable executions and net prices for the combined order. However, CAPTRUST is not obligated to bunch or aggregate orders or to include any particular account in a bunched order if portfolio management decisions for such accounts are made separately or if CAPTRUST determines that aggregating trades would be inconsistent with the Adviser's investment management duties or with any investment objectives, guidelines or restrictions applicable to a particular account.

All orders placed for execution on an aggregated basis ("block" trades) are subject to CAPTRUST's Trade Allocation Procedures ("Procedures"). Under the Procedures, CAPTRUST will bunch orders where appropriate for the participating Clients and when consistent with CAPTRUST's duty to seek best execution. Prior to or contemporaneous with the entry of an aggregated order, a written preallocation and/or other written statement will be generated, which identifies the Client accounts or trading group(s) of Client accounts participating in the bunched order, the proposed allocation of the order, upon completion, to the relevant Client accounts or trading group(s) and the amount (either in dollars, number of shares, or % of market value of Client account(s)) that the portfolio manager will accept for each Client account or trading group of Client accounts. Prevailing trading activity frequently may make it impossible to receive the same price or execution on the entire volume of securities purchased or sold. When CAPTRUST cannot fill all orders at the same price, each account that participates in the block order will receive the average price for all the transactions on a particular day. Thus, the effect of the aggregation may operate in some circumstances to a particular Client's disadvantage. When a bunched order is partially filled, the securities actually purchased or sold by the close of each business day will be allocated in a manner that is consistent with the initial preallocation statement and that does not consistently advantage or

disadvantage particular Clients or groups of Client accounts, as determined by CAPTRUST from time to time. However, adjustments to the allocation may be made to avoid *de minimis* allocations to Client accounts or to avoid deviations from pre-determined holding limits established for any account. CAPTRUST will retain records of the trade order (specifying each participating account) and its allocation.

In addition, although CAPTRUST generally attempts to block trades for Client accounts, aggregation may not be possible because of that Client's specific brokerage arrangements or other factors. As previously mentioned, CAPTRUST recommends that Wealth Clients establish accounts with PAS/Pershing (and Wrap Fee accounts must use Pershing), some Clients may select Schwab or Fidelity act as custodian and broker/dealer for their accounts. As such, when the PMA Portfolio Manager implements a portfolio decision or strategy ahead of or contemporaneously with, similar portfolio decisions or strategies of another Client, market impact, liquidity constraints or other factors could result in one or more Clients receiving less favorable trading results, the costs of implement such portfolio decisions or strategies could be increased or such Clients could otherwise be disadvantaged. On the other hand, potential conflicts may also arise because portfolio decisions regarding a Client or group of Clients may benefit other Clients. There can be no assurance that any actual or potential conflicts of interest will not result in a particular Client or group of Clients receiving less favorable investment terms in or returns from certain investments than if such conflicts of interest did not exist.

## Review of Accounts

Financial Advisors (Investment Advisor Representatives) are responsible for performing periodic reviews and consulting with CAPTRUST Clients to evaluate the suitability and allocations of types of assets and investments in relation to a Client's objectives and the necessity or desirability of any change in such objectives. Ongoing reviews of markets, sectors and individual securities are conducted by the CAPTRUST Investment Committee. Investment Portfolios for which the Portfolio Manager is the CAPTRUST Investment Committee are subject to continuous and regular *daily* investment supervision members of the Investment Committee who are part of CAPTRUST's Consulting Research Group.

Mutual fund holdings and Investment Managers are monitored on a continuous and regular basis by CAPTRUST Consulting Research Group. ADV Part 2B lists all the members of the Consulting Research Group who are members of the Investment Committee or who are involved in the review process and in determining the investment advice to be given by the Adviser. Denise Buchanan, Chief Compliance Officer, heads up the Compliance Team. CAPTRUST's Performance Reporting team provides the Client's Financial Advisor with quarterly investment performance reports, which the Financial Advisor is to review with the Client.

Additionally, CAPTRUST Wealth Clients in the PMA Program receive monthly account statements from Pershing. Quarterly performance reports are prepared by CAPTRUST for PMA Program Accounts. Clients may access online performance reports through their personal Black Diamond® portal.

Clients are strongly encouraged to review their quarterly reports with their Financial Advisor. Please notify CAPTRUST if your needs and/or objectives have changed, or if you would like to place reasonable restrictions on the management of your portfolio. Additionally, if you have difficulty accessing your reports or if we may be of any assistance to you, please feel free to email [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com) or call (919)870-6822 and ask for your

Financial Advisor or Client Management Consultant.

Client agrees to inform CAPTRUST in writing of any material changes to the Client's financial circumstances that might affect the manner in which Client's assets should be invested. Client may contact the firm during normal business hours to consult with the firm concerning the management of the Client's account(s).

For Clients utilizing CAPTRUST's PMA Wrap Program, the cost of execution discussed here is paid by CAPTRUST (not charged separately to the Client's account). CAPTRUST no longer uses its affiliated broker/dealer, CFS to provide brokerage services. Instead, Clients positively consented to changing the broker/dealer to PAS as described in Item 4. CAPTRUST relies on Pershing to direct brokerage execution for the PMA Wrap Program accounts.

## Privacy Policy

CapFinancial Partners, LLC ("CAPTRUST") recognizes that its clients have an expectation that CAPTRUST and its affiliates will maintain the confidentiality of Clients' nonpublic personal information. Consequently, CAPTRUST has adopted this Privacy Policy concerning information obtained during the servicing of Client's account(s).

**Nonpublic information:** Nonpublic information obtained by CAPTRUST for purposes of providing services hereunder will not be furnished to third parties for any other purpose other than in furtherance of the services to be provided hereunder. Notwithstanding the foregoing, CAPTRUST may disclose nonpublic information (i) to the extent such disclosure is required by court order or by a valid order of a governmental body governmental or quasi-governmental agency (such as FINRA) (ii) prior or after the time of disclosure such information becomes part of the public knowledge or literature, not as a result of any inaction or action of CAPTRUST, (iii) reasonably necessary for CAPTRUST to enforce its legal rights in any dispute with that Client; or (iv) is approved by Client, in writing, for release. CAPTRUST does not disclose nonpublic personal information about its clients to any party except as permitted by law.

**Sources of Personal Information:** We collect Personal Information about you from meetings with you and on applications or other forms you have submitted to CAPTRUST, as well as information about your investments or transactions with us or others (such as third-party service providers or fund companies) from other sources.

**How CAPTRUST Protects the Confidentiality of Clients' Nonpublic Personal Information:** CAPTRUST does not sell or trade clients' information with nonaffiliated companies. When information is provided to third party service providers, safeguards are in place to assure that information is used only for the purpose it is provided. CAPTRUST maintains its records on secured computers. Prospective employees are screened for criminal convictions. Once hired, employees are made aware of CAPTRUST's Privacy Policy and of the confidential nature of the information they handle. Employees are limited to accessing only that customer information that is necessary to perform their job functions.

**To Whom This Policy Applies:** This Notice applies to all our clients who enter into an Advisory Services Agreement with us. Our Former Clients: Even if you are no longer a client, our Privacy Policy will continue to apply to you.



**Access to and Correction of Information:** Upon the written request of Clients, we will make available for their review any file we may maintain for their personal Information; provided, however, that any Information collected in connection with, or in anticipation of, any claim or legal proceeding will not be made available. If Clients notify us that any Information is incorrect, we will review it. If we agree, we will correct our records. If we do not agree, Clients may submit a short statement of dispute, which we will include in any future disclosure of the disputed Information.

**Further Information:** We reserve the right to change this Privacy Policy at any time. The examples contained within this Privacy Policy are illustrations and are not intended to be exclusive. This Policy attempts to comply with federal and state regulations regarding privacy. Clients may have additional rights under other foreign or domestic laws that may apply to them.

**“Opt Out” Provision:** Since CAPTRUST does not sell or share any Personal Information an “opt out” provision would not be applicable to this Privacy Policy. Clients may call (800)216-0645 to request further information regarding this policy.

### **Use of Cookies**

An internet cookie is a small amount of data that is placed on to your machine from a website and stored in your internet browser. Cookies allow our website to store things like preferences, so that it can recognize you when you come back respond appropriately. CAPTRUST makes use of cookies to improve the load times and functionality of the website, and in some cases registration pages. CAPTRUST may from time to time also utilize data tracking software to assist us in spotting trends, and areas of improvement in the website. By using this site, you are consenting your express approval allowing us to utilize these technologies so that we can improve our service and product for you. CAPTRUST may also use various third-party cookies to report usage statistics of the service. CAPTRUST also may use cookies to authenticate users and prevent fraudulent use of user accounts.

### **Business Continuity Disclosure/Summary**

CapFinancial Partners, LLC, doing business as CAPTRUST Financial Advisors, (“CAPTRUST”) is a federally registered investment adviser. In general, CAPTRUST provides investment advisory services on a nondiscretionary/consultative basis to large retirement plans and other institutions who assets are held at various banks, trust companies, broker/dealers and insurance companies that are determined by the institutional client. CAPTRUST wealth and other institutional advisory clients, have elected to have their accounts with Pershing Advisor Solutions (Pershing, LLC), Fidelity Institutional Brokerage Services, Charles Schwab & Co., Inc., and/or TD Ameritrade. Freedom401k Plan Clients accounts and assets are maintained and custodied at Fidelity Institutional Brokerage. CAPTRUST summarizes the manner with which CAPTRUST’s Business Continuity Plan (“BCP”) addresses the possibility of significant business disruptions (“SBD”). Accordingly, CAPTRUST furnishes this document to clients in order to provide information about our efforts to minimize the impact of an emergency, business disruption or disaster on the business of CAPTRUST.

In general, industry regulations require firms to create and maintain a business continuity plan reasonably designed to meet its obligations to its clients or other counter-parties. In accordance with these requirements, CAPTRUST

has designed a business continuity plan to address possible scenarios in efforts to minimize any service impact to our clients.

In keeping with the regulatory requirements, the business continuity plan for CAPTRUST is designed to address key areas of concern - including but not limited to the following:

- Data back-up and recovery;
- Mission critical systems;
- Financial and operational assessments;
- Alternate means of communication between CAPTRUST and its clients;
- Alternate means of communication between CAPTRUST and its employees;
- Alternate physical locations of employees;
- Critical business constituent, bank and counter-party impact;
- Regulatory reporting;
- Communications with regulators; and
- How CAPTRUST will ensure that customers have access to their funds and securities in the event CAPTRUST determines it is unable to continue its business.

Since events creating business disruptions may vary in nature and scope, CAPTRUST has anticipated scenarios in which the following are affected:

- A primary CAPTRUST building at its headquarter location
- A CAPTRUST branch location
- A city -wide area
- A regional area

Regardless of the scope of potential disruption, CAPTRUST intends to continue to provide service to its clients. In the event of a significant business disruption, where the primary building or business district is located, we will move our staff from affected offices to the closest of our unaffected offices. The firm has several other locations from which to conduct business. Therefore, should the primary building or business district be affected by a disruption, the other locations can be used to help restore operations.

In the unlikely event of a citywide or regional disruption, several of CAPTRUST's other locations ("established recovery sites") are in other cities relatively close in proximity. The first established recovery site is approximately 4 miles from its headquarters and is located within Tierpoint's data center in Raleigh. The second is approximately 170 miles from its headquarters (in Charlotte NC) and the other is approximately 400 miles (Atlanta GA). All alternate locations can be used to restore time sensitive functions as soon as key employees are relocated to the facility. In the event that any such disruption occurs, we have developed alternative service arrangements, systems, locations and contingency plans to ensure that any service is quickly restored. CAPTRUST has identified several computer applications with Mission Critical or High criticality ratings and has documented this within the business continuity plan.



Some Mission Critical systems such as computer applications are proprietary to services providers such as Pershing (i.e., Next360). Pershing provides an annual BCP disclosure to CAPTRUST clients who are on the PAS platform. However, Pershing Advisor Solutions BCP Disclosures are attached as an addendum to CAPTRUST's BCP Plan. Similarly, Schwab, Fidelity & TD Ameritrade provide BCP disclosures to CAPTRUST clients utilizing those Institutional Advisory platforms. The BCP Summaries/Disclosures for those providers are also attached as addendums CAPTRUST's BCP Plan.

**For those CAPTRUST Clients who are utilizing Pershing custodian:**

Although CAPTRUST recognizes Pershing as a Critical Business Constituent, Pershing's proprietary web-based platform permits access to your account remotely regardless of a business local, city-wide or regional disruption. Please see the summary of Pershing's Business Continuity Plan attached hereto. Otherwise, you may call CAPTRUST at (800) 216-0645 or you may reach Pershing Advisor Solutions at (201) 413-3635. Clients may access their accounts at [www.pershing.com](http://www.pershing.com).

**For those CAPTRUST Clients who are utilizing Fidelity as custodian:**

Although CAPTRUST recognizes Fidelity as a Critical Business Constituent, Fidelity's proprietary web-based platform permits access to your account remotely regardless of a business local, city-wide or regional disruption. Please see the summary of Fidelity's Business Continuity Plan attached hereto. Otherwise, you may call CAPTRUST at (800) 216-0645 or you may reach Fidelity directly at 800-343-3548. Client may access their accounts by logging into [www.fidelity.com](http://www.fidelity.com).

**For those CAPTRUST Clients who are utilizing Schwab custodian:**

Although CAPTRUST recognizes Schwab as a Critical Business Constituent, Schwab's proprietary web-based platform permits access to your account remotely regardless of a business local, city-wide or regional disruption. Please see the summary of Schwab's Business Continuity Plan attached hereto. Otherwise, please call CAPTRUST at (800) 216-0645 or you may reach Schwab Institutional Investments directly at: 800.289.5114. Clients may access their accounts by logging into [www.schwab.com](http://www.schwab.com).

**For those CAPTRUST Clients who are utilizing TD Ameritrade as custodian:**

Although CAPTRUST recognizes TD Ameritrade as a Critical Business Constituent, TDA's proprietary web-based platform permits access to your account remotely regardless of a business local, city-wide or regional disruption. Please see TD Ameritrade's Business Continuity Plan Statement attached hereto. Or you may find the published document at: <https://www.tdameritrade.com/disclosure.page>. Clients may obtain a current version of TDA's BCP Statement by contacting CAPTRUST at [compliance@captrust.com](mailto:compliance@captrust.com) or by writing to TD Ameritrade, Inc., Compliance Dept, PO Box 2148, Omaha, NE 68103-2148.

While CAPTRUST understands that no contingency plan can eliminate all risk of service interruption or temporarily impeded account access, we continually assess and update our plans to mitigate all reasonable risk.

At a minimum, the CAPTRUST business continuity plan is reviewed, updated and tested on an annual basis. Additionally, our primary internal and external application providers periodically conduct testing of their

own back-up capabilities to ensure that, in the event of an emergency or significant business disruption, they will be able to provide us with the critical information and applications we need to continue or promptly resume our business. When testing our plan, we review the recovery time and resumption time period for all mission critical systems.

Making sure that any type of disruption does not unduly impact our clients is extremely important to us, and our business continuity plan is designed to allow us to continue to provide the quality service you have come to expect from CAPTRUST.

In the event of an internal or external SBD, if telephone service is available, our registered persons will take customer orders or instructions (919) 870-6822 (local) or (800) 216-0645 (toll-free) and contact our clearing firm on their behalf, and if our Web access is available, our firm will post on our Web site (<https://captrust.com>) that customers may access their funds and securities by contacting Pershing, Fidelity, Schwab TD Ameritrade directly.

## **CAPTRUST ADV Part 2 B**

### **Item 1 – Cover Page**

#### **Consulting Research Group - Investment Committee**

March 29, 2019

This brochure supplement provides information about CAPTRUST Financial Advisors Consulting Research Group's Investment Committee. Specifically, the persons who determine the investment advice to be given are summarized in this supplement to the CAPTRUST Financial Advisors ("CAPTRUST") Disclosure Brochure. You should have received a copy of that brochure. Please contact the Compliance Department at (919) 870-6822 if you did not receive the CAPTRUST Disclosure Brochure or if you have any questions about the contents of this supplement. Additional information about CAPTRUST is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Education Background and Business Experience

**J. Fielding Miller | Chief Executive Officer | Co-Founder**

Born: 1960

### Educational Background

Fielding earned his Bachelor of Science, Business Administration degree in business marketing from East Carolina University.

### Business Experience

As the co-founder of CAPTRUST Financial Advisors, Fielding is credited with setting the course for the company becoming one of the nation's largest independent financial advisory firms. As Chairman and CEO, he continues to lead our corporate strategy, ensuring that CAPTRUST remains competitively positioned to serve our clients' needs in an increasingly complex and volatile market environment.

Dates		Firm	Position		
10/2003	Present	CapFinancial Partners, LLC (CAPTRUST)	Raleigh	NC	Chief Executive Officer/Co-Founder
06/2002	10/2003	Wachovia Securities Financial Network	Raleigh	NC	Financial Advisor
10/1997	6/2002	CAPTRUST Financial Advisors, LLC	Charlotte	NC	President

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**Kevin Barry, CFA®, PRM™, CTFA | Chief Investment Officer| Consulting Research Group**

Born: 1959

### Educational Background

Kevin earned his Bachelor of Science in finance from LaSalle University and a Master of Science in finance management from the University of London.

### Business Experience

Kevin leads the firm's Consulting Research Group, the team responsible for investment manager due diligence, asset allocation, and discretionary investment management for the firm's wealth management and institutional retirement plan advisory businesses. He also serves as a member of the Executive Committee. Most recently, Kevin served as chief investment officer and senior portfolio manager for Third Law Capital Management in New York. There, he developed macroeconomic investment themes, conducted fundamental security analysis, and implemented asset allocation, hedging, and risk management solutions for clients. Previously, he was a partner and portfolio manager at Caxton Associates, a global macro hedge fund. He has more than 20 years' experience in portfolio management, capital market strategy, and investment research.

Dates		Firm	Position		
04/2017	Present	CapFinancial Partners, LLC (CAPTRUST)	Raleigh	NC	Chief Investment Officer
04/2015	02/2017	Third Law Capital Management	New York	NY	Chief Investment Officer
05/2014	03/2015	Self-employed	Avalon	NJ	Private Investor
03/2008	04/2014	Caxton Associates Alternative Fund	New York	NY	Portfolio Manager, Partner
11/2006	12/2007	Brevan Howard Hedge Fund	New York	NY	Portfolio Manager

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### Mark Paccione, CFA | Senior Director, Investment Research

Born: 1975

#### Educational Background

Mark earned his BA in Mathematical Economics from Wake Forest University.

#### Business Experience

Dates		Firm	Position		
10/2005	Present	CapFinancial Partners, LLC (CAPTRUST)	Raleigh	NC	Senior Director, Investment Research
03/2004	09/2005	Morgan Stanley & Co. Incorporated	San Francisco	CA	Sales Assistant
10/2002	10/2003	Electronic Trading Group	San Francisco	CA	Equity Trader

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### David Hood | Senior Director, Investment Research

Born: 1978

#### Educational Background

David is a graduate of University of North Carolina at Chapel Hill with a BA in Political Science and a BA in Journalism and Mass Communication. David earned his MBA from Wake Forest University in finance.

#### Business Experience

Dates		Firm	Position		
09/2009	Present	CapFinancial Partners, LLC (CAPTRUST)	Raleigh	NC	Senior Director, Investment Research
08/2007	08/2009	Wake Forest University	Winston-Salem	NC	Graduate Student
06/2004	07/2007	Electric Supply Co of NC	Durham	NC	Associate
8/2002	6/2004	King & Spalding LLC	Washington	DC	Legal Assistant, Antitrust lit

## Hunter Brackett | Senior Manager, Investment Research

Born: 1974

### Educational Background

Hunter is a graduate of Washington and Lee University with a Bachelor of Arts in Economics. Hunter earned his MBA from UNC Kenan-Flagler Business School, with a concentration in Investment Management.

### Business Experience

Dates		Firm	Position		
06/2012	Present	CapFinancial Partners, LLC (CAPTRUST)	Raleigh	NC	Senior Manager, Investment Research
11/2011	05/2012	Sabbatical	Chapel Hill	NC	
03/2008	10/2011	NCM Capital Mgt	Durham	NC	Sector Leader Research Analysis
03/2004	02/2008	Lehman Brothers	NY	NY	Equity Research Associate

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## Matt Ogden | Senior Manager, Investment Research

Born: 1984

### Educational Background

Matt earned a Bachelor of Arts degree in Mathematical Economics from Colgate University

### Business Experience

Dates		Firm	Position		
04/2010	Present	CAPTRUST Financial Advisors	Raleigh	NC	Senior Manager, Investment Research
06/2006	12/2009	Rocaton Investment Advisors	Norwalk	CT	Analyst

## Item 3 - Disciplinary Information

The Investment Committee Members of CAPTRUST'S Consulting Research Group ("CRG") summarized here are Investment Advisor Representatives of CAPTRUST. Investment Advisory Representatives are required to disclose all material facts regarding any legal and disciplinary events that may be material to your evaluation of the representative. None of these CAPTRUST Investment Advisory Representatives (Fielding Miller, Kevin Barry, Mark Paccione, David Hood, Hunter Brackett and Matt Ogden) have any information applicable to this Item.

## Item 4 - Other Business Activities

Investment Committee Members may also be Registered Representatives of CapFinancial Securities, LLC, an affiliated registered broker-dealer and member FINRA/SIPC. However, Investment Committee Members in CRG

are salaried employees whose compensation is not determined by assets under management or commissions (transaction- based fees) or product revenue.

In this way, CAPTRUST eliminates the conflict of interest so they have no financial incentive to recommend securities and other investments that may result in commissions, brokerage fees, 12b-1 fees or other payments.

When CapFinancial Securities, LLC collects revenue as a broker/dealer on products associated with CAPTRUST Plan Client assets, members of CRG do not act as “broker of record,” but rather, the Financial Advisor who is responsible for relationship management may do so. However, all product revenue associated with Plan assets is reflected upon an invoice to Plan Clients and used to offset or lower the Plan Client’s advisory fee. CAPTRUST is constrained by fiduciary principles to act in your best interest.

### **Item 5 - Additional Compensation**

The members of CRG do not receive additional compensation for advisory services other than fees paid by the Client.

### **Item 6 – Supervision**

The investment advisory activity of CRG is supervised by Denise Buchanan, Chief Compliance Officer. Ms. Buchanan can be reached at (919) 870-6822. The CAPTRUST Financial Advisor (“Financial Advisor”) responsible for performing periodic reviews and consulting with Clients is in a relationship management role. The members of the Consulting Research Group (“CRG”) summarized here are responsible for ongoing reviews of markets, sectors and individual securities. This continuous and regular investment supervision is conducted by CRG under the Investment Committee’s direction and supervision. Kevin Barry leads CRG and is a member of CAPTRUST’s Executive Committee, reporting directly to Fielding Miller. David Hood manages CRG’s Investment Manager Due Diligence program. Mark Paccione manages the CRG team focused on Wealth Clients. Mark Paccione and David Hood report directly to Kevin Barry; Hunter Brackett and Matt Ogden report directly to David Hood.