

**AMC Fund Select Advisor<sup>SM</sup>**  
**AMC Fund Select Tactical<sup>SM</sup>**  
**AMC Fund Select Tactical Focus<sup>SM</sup>**  
**AMC Pinnacle<sup>SM</sup>**  
**AMC Premier<sup>SM</sup>**  
**Investnet Sentry**  
**Asset Management Consulting<sup>SM</sup>**  
  
**STAS Model Manager,**  
**SMA Management, Research and Other Services**

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This brochure provides information about the qualifications and business practices of SunTrust Advisory Services, Inc. If client has any questions about the contents of this brochure, please contact SunTrust Advisory Services, Inc. at (404) 827-6461. The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission or any state securities authority.

Registration as an investment adviser does not imply a certain level of skill or training.  
Additional information SunTrust Advisory Services, Inc. is also available on the SEC's website at

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Securities and Insurance Products and Services:**

•Are not FDIC or any other Government Agency Insured •Are not Bank Guaranteed •May Lose Value

### **Material Changes**

The last update to the STAS and Third Party Managed Programs Firm Wrap Brochure was October 26, 2018. The AMC Fund Select Tactical program is being revised (i) to add third party manager models as additional investment options and (ii) to appoint Envestnet Asset Management, Inc. as Co-Sponsor and Investment Manager of the program.

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## **SERVICES, FEES AND COMPENSATION**

SunTrust Advisory Services, Inc. ("STAS") is a separate, wholly owned, non-bank indirect affiliate of SunTrust Banks Inc. STAS became an investment adviser under the Investment Advisers Act of 1940, as amended in April, 2016.

Investment in any of the STAS Asset Management Consulting ("AMC") investment management programs: AMC Fund Select Advisor, AMC Fund Select Tactical, AMC Fund Select Tactical Focus, AMC Pinnacle, AMC Premier and Envestnet Sentry (each a "Program") described in this brochure, requires that Client separately maintain or open an underlying Brokerage Account with SunTrust Investment Services, Inc. ("STIS"), an affiliated broker-dealer and insurance agency, which is governed by a STIS Brokerage Account Customer Agreement ("Brokerage Agreement"). STIS is a member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation ("SIPC"). STIS is an introducing broker-dealer clearing its trades through National Financial Services LLC. ("NFS") and its affiliate Fidelity Management Trust Company (if Client's account is a qualified retirement account) which also provides custody and execution services for Client Program accounts. The requirement to open a brokerage account with an affiliated broker is made by STAS for purposes of efficiently administering its Programs and therefore is a benefit to STAS which creates a conflict of interest. See **CONFLICTS OF INTEREST –Use of Affiliated Broker Dealer** section below.

Clients retain ownership of all cash, securities, and other investments in their Program Accounts.

Clients have the option to purchase investment products that we recommend through other broker-dealers or agents that are not affiliated with STIS.

### **Client Service Structure**

STAS generally provides investment managed and investment advisory services utilizing one of the following business channels:

Self-Directed Brokerage Accounts – Client investible assets below \$50,000;

Client Advisory Center ("CAC")

Brokerage and Investment Advisory Accounts — Client investible assets between \$50,000 and \$100,000; and

Full Service Brokerage and Investment Advisory – Client investible assets above \$100,000.

### **Client Advisory Center**

STAS has established a centralized Client Advisory Center. The CAC consists of approximately 40 Advisors ("CAC PFAs") who assist Clients in meeting their financial needs with financial planning and access to the firm's AMC Fund Select Tactical Focus Program, where appropriate, the Program is more fully described in this brochure.

CAC PFAs work as a team and the primary advisor brochure supplement provided to Clients describes the CAC team. Clients who wish to receive a copy of a specific CAC PFA's advisor brochure supplement may contact the CAC at (844) 206-8900 and receive this information free of charge.

STAS has contracted with Envestnet Asset Management, Inc., a SEC registered investment adviser ("Envestnet" or "Platform Manager") for administrative services related to the AMC Programs including access to Envestnet's platform system that creates proposals based on STAS' models and those of other investment managers pursuant to agreements, ongoing monitoring of account positions, submission of trade details to NFS and performance reporting.

Envestnet is also a Sponsor or Co-Sponsor, as described below, and acts as an investment adviser with respect to the following programs described in this Brochure:

- Envestnet Sentry Program – Envestnet is the sole Sponsor of this Program. The Program offers additional separate managed account managers. See section “Envestnet Sentry” below and Envestnet’s Form ADV, Part 2A for more specific information regarding this Program;
- AMC Pinnacle Program – Envestnet is Co-Sponsor with STAS of this Program and provides overlay management of the Program. STAS is the Investment Manager of all Sleeves of the Program. See section “AMC Pinnacle: below and Envestnet’s Form ADV, Part 2A for more specific information regarding this Program;
- AMC Fund Select Tactical Program – Envestnet is Co-Sponsor with STAS of this Program and provides overlay management of the Program. STAS is the Investment Manager of the Program. See section “AMC Fund Select Tactical “ below and Envestnet’s Form ADV, Part 2A for more specific information regarding this Program; and

### **Program Management**

Client risk tolerance and investment objectives of a Client’s underlying STIS Brokerage Account may not specifically match the investment advisory account risk profile of the Client’s managed AMC Program account within the Envestnet system which governs how each Program account’s investment risk is captured and monitored. In the case of any discrepancy in risk ratings, each Client AMC Program account shall be managed in accordance with the risk rating assigned to Client’s Program account on the Envestnet system and not in accordance with any risk rating assigned to Client’s associated Brokerage Account.

In the case of the AMC Fund Select Advisor, AMC Fund Select Tactical, AMC Fund Select Tactical Focus, AMC Premier SMA, AMC Premier MSA Account Programs and Envestnet Sentry Programs, the Platform Manager places trade orders with NFS on behalf of STAS via model updates provided by model providers pursuant to an agreement with STAS with pre-set initial transactions and periodic rebalancing triggers for transactions, where applicable.

In the case of the AMC Pinnacle Program, Envestnet acts as the overlay manager and determines, in their sole discretion, the trading triggers from the initial investment through portfolio updates and rebalancing triggers for transactions. See section “AMC Pinnacle,” below and Envestnet’s Form ADV, Part 2A for more specific information.

Also, if a Client has placed unique investment restrictions on any Program account, the Program account may be updated or rebalanced by other means.

### **Account Restrictions**

Clients may place reasonable restrictions on the investments in their Program account, including the designation of particular securities or types of securities that should not be purchased for the Program account or that should be sold if held in the Program accounts.

### **Programs and Services Described in this Brochure**

#### **Investment Services Provided to STAS Affiliates**

This brochure describes the Model, Separate Account Management, Research and Other Services provided by STAS to the affiliated firms of STAS, SunTrust Bank (“STB”) and SunTrust Investment Services, Inc. by STAS’ Investment Advisory Group (“IAG”).

### AMC Investment Management Programs

This brochure also describes the following services STAS AMC investment management Programs: AMC Fund Select Advisor, AMC Fund Select Tactical, AMC Fund Select Tactical Focus, AMC Pinnacle, AMC Premier and Envestnet Sentry.

### **STAS Model Manager, Separate Account Manager and Research and Other Advisory Services**

#### STAS Model Manager Services

STAS' IAG designs and monitors on a continuous basis, model portfolios and asset allocations meeting the investment objectives provided by STAS and/or STB. STAS has entered into agreements with STB related to these services, see **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS** section below.

STAS' IAG supplies STB with model portfolios and updates to those models when applicable. STB may choose whether or not to implement the changes provided by STAS' IAG. The use of particular models and the placement and execution of security transactions with respect to STB accounts are not made by STAS, nor does STAS assume any fiduciary responsibilities associated with these transactions.

STAS provides investment research services to STB with respect to its models and not as recommendations to specific STB client accounts. STAS does not have an investment advisory relationship with STB clients or their STB accounts. STB does not provide STAS with any individual client information relating to client suitability or ongoing client account reviews with respect to accounts invested in connection with STAS models. STB has the exclusive investment management relationship with STB clients and the corresponding fiduciary duties with respect to its clients, including the discretion to make and implement changes in their client's accounts which may deviate from the STAS models. STB has the sole responsibility for obtaining information from each client regarding the client's investment objectives, financial information, risk tolerance and any reasonable restrictions for determining that the investment portfolio, investment model and investment strategy. Additionally, STB is solely responsible for taking all appropriate steps to comply with any custodial, anti-money laundering and other administrative requirements applicable to all STB client accounts.

Several STAS IAG associates serve on GFO Advisory Services, LLC's ("GFOAS") Oversight Committee. GFOAS is an affiliate of STAS and a SEC registered investment adviser. In such circumstances, such STAS IAG associates are acting solely in their capacities as representatives of GFOAS. A conflict of interest exists with respect to associates having simultaneous fiduciary duties to other firms. See **Conflict of Interest – STAS Chief Investment Officer and Other STAS Personnel** section below for details.

STAS Advisors participating in the AMC Advise and AMC Allocation Plus Programs ("AMC Advisor Managed Programs") may also use models created by IAG to manage Client portfolios they manage either on a discretionary or non-discretionary basis. A conflict of interest may exist when STAS Advisors use the same models that STAS IAG utilizes for managing the STAS AMC program portfolios. See **Conflict of Interest – Models Created by IAG for Management of AMC Program Portfolios vs STAS Advisor Usage of the Models for Client Portfolio Management** section below for details. A copy of the STAS AMC Advisor Managed Programs Firm Brochure can be requested free of charge from your STAS Advisor for details related to these programs.

#### Separate Account Management Services

Certain members of STAS' IAG serve as Separate Managed Account ("SMA") Investment Managers to the following:

- STAS AMC programs
  - AMC Fund Select Advisor
  - AMC Fund Select Tactical
  - AMC Fund Select Tactical Focus

- Certain portfolios in AMC Pinnacle
- Certain portfolios in AMC Premier
- SunTrust Bank's Investment Management Services
  - STB's client Fixed Income portfolios:
  - STB's Listed Equity Options Strategies and Services:
  - STB's Common Trust Funds
- IAG Portfolio Management
  - Fixed Income Asset Management for Municipal Entities  
STAS provides these services on a case-by-case basis and this activity represents a very small minority of STAS clients.

STAS' IAG maintains the STAS AMC program portfolios with updates to the Envestnet platform when needed.

IAG submits changes to the fixed income portfolios, equity options portfolios and the STB Common Trust Fund portfolios.

#### Block Trades

Where possible, IAG Fixed Income Teammates affect block trades for multiple accounts to obtain favorable execution.

#### Taxable Bonds

IAG Fixed Income Teammates allocate taxable bonds to accounts on a pro-rata basis, generally. Government securities and related instruments are excluded due to the liquidity, depth and continuous availability of two-sided markets associated with these instruments.

Exceptions to the general pro-rata allocation policy are as follows:

- If a taxable fixed income security order is for a total amount less than \$5 million, the entire order may be exempt from pro-rata allocation and will be allocated based no account is systematically favored over another; and/or
- If a pro-rata allocation of taxable fixed securities would result in a position of less than \$50,000 for any account, that account may be excluded from the allocation. IAG Teammates will allocate aggregated trades to accounts as soon as practical after an order is filled, but in any event, before the end of the trading day to ensure that clearing records identify the ultimate Client for each trade on trade date.

#### Municipal Bonds

IAG Fixed Income Teammates will allocate municipal bonds across multiple accounts when possible and on a fair and equitable basis over time and will allocate aggregated trades to accounts as soon as practical after an order is filled, but in any event, before the end of the trading day to ensure that clearing records identify the ultimate Client for each trade on trade date.

IAG will not aggregate trades across affiliated firms (STAS and STB).

#### Research and Other Advisory Services

STAS' IAG provides investment recommendations for each model portfolio or asset allocation model; initial and ongoing due diligence with respect to sub-advisers, investment managers, model portfolio managers and their models and mutual fund and ETF investments for most of STAS' AMC programs. IAG also provides research on equity and fixed income securities that is used by STAS Advisors in managing client portfolios in connection with the AMC Advisor Managed Programs.

IAG provides similar research services to STB related to its general investment management services and STIS for use in connection with its general brokerage services.

In addition, IAG provides report updates and alerts related to its due diligence; creates or negotiates with third parties related to advertising, marketing and research materials, monitors and updates as needed the capital market assumptions and consultative services to STB on a regular or as needed basis.

A conflict of interest exists when IAG research is shared with STAS Affiliates for use in management of their client's portfolios. See **Conflict of Interest – Research Reports Created by IAG and Usage of Reports by IAG and Affiliated Firms** section below for details; See also **Conflict of Interest – Different Advice** section below for details

Under an agreement with STB, IAG also provides advisory services related to fixed income positions of STB advisor client portfolio. IAG selects the individual fixed income securities and sends the trades for execution to broker-dealers that IAG determines. IAG Associates are also available to speak at STB advisor client calls and meetings, assist on calls with STB advisors and their clients and create proposals for prospective STB advisor clients.

#### Capital Market Assumptions

STAS' IAG designs, monitors and updates as needed on a continuous basis, the capital market assumptions used by STAS and STB.

See **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS Section** below regarding agreements STAS has with STB and STIS related to Research and Other Advisory Services. Also see **CONFLICTS OF INTEREST - Models Created by IAG for Management of AMC Program Portfolios and Affiliate's Usage of the Models for Client Portfolio Management (STB and STAS Advisors)** section below related to conflicts associated with usage of research created and used by multiple affiliated firms and Advisors.

### **AMC Programs**

#### **AMC Fund Select Advisor Program**

Program includes an array of mutual fund and Exchange Traded Fund ("ETF") portfolios based on risk-based modeling using asset allocation. STAS' IAG manages each Client Program account and utilizes various mutual fund and ETF asset allocation models which reflect differing risk profiles.

In the AMC Fund Select Advisor Program, STAS Investment Advisory Representatives ("IARs" or "Advisor(s)") may recommend the selection and replacement of mutual funds and/or ETFs from within the Fund and ETF list of acceptable funds and ETFs maintained by STAS; however, STAS, and not the Advisor, possesses discretionary investment authority over the account.

There is no guarantee that a client's investment objectives will be achieved, and past performance is not a guarantee of future results.

STAS Advisors are responsible for profiling the client, recommending an asset allocation strategy and managing the ongoing Client relationship.

#### **AMC Fund Select Tactical – Focus Program**

The Program includes an array of Exchange Traded Fund ("ETF") portfolios based on risk-based modeling using asset allocation. STAS' IAG manages each Client Program account and utilizes various ETF asset allocation models which reflect differing risk profiles. STAS is granted discretionary investment authority over account assets.



The principal differences between the Fund Select Tactical Program and the AMC Fund Select Tactical Focus Program is that the Fund Select Tactical Focus Program offers fewer available models and has a lower minimum required funding amount than the AMC Fund Select Tactical Program; and 2) AMC Fund Select Tactical also includes mutual fund portfolios as well as third party manager models.

#### **AMC Fund Select Tactical**

The Program includes an array of Exchange Traded Fund (“ETF”) portfolios based on risk-based modeling using asset allocation. STAS’ IAG manages each Client Program account and utilizes various ETF asset allocation models which reflect differing risk profiles. STAS is granted discretionary investment authority over account assets.

Investnet is a Co-Sponsor of the AMC Fund Select Tactical Program and conducts overlay management with respect to the trading within Client Program accounts. Investnet combines the securities into a composite model and calculates security weightings for each security in the composite model. This helps minimize the trading activity based on the security weights by adjusting account holdings when trading events such as a request for cash from an account which results in sells of overweight positions or an additional investment into an account which results in investments in underweighted positions occur and helps to reduce portfolio costs, unnecessary trading and taxable events. See Investnet’s Form ADV, Part 2A for more specific information.

Client Program accounts are managed in accordance with certain asset allocation and portfolio investment models/portfolios selected by the Client in the Client’s Statement of Investment Selection. In addition to STAS internally developed models, STAS has contracted with non-affiliated third party Model Managers which may provide additional models used by STAS with respect to investments Client Program accounts.,

There is no guarantee that a client’s investment objectives will be achieved, and past performance is not a guarantee of future results.

STAS Advisors are responsible for profiling the client, recommending an asset allocation strategy and managing the ongoing Client relationship.

#### **AMC Pinnacle**

AMC Pinnacle is a unified managed account program, (“UMA”) that allows clients to open and/or maintain multiple advisory strategies in one underlying Brokerage Account resulting in one account for housing, processing and reporting the client’s assets, performance, management fee processing and monitoring. Clients can select multiple advisory strategies (each a “Sleeve”) from the following: Strategist Sleeve, Advisor Managed Sleeves, Manager Model Sleeve and Fixed Income Manager Sleeve (each described more fully below). Clients can move assets from one Sleeve to another without having to sign any additional account documentation as long as the risk level and investment objectives associated with the Client’s Account remain the same. In the event of a change of allocation of investments to one or more Sleeves does alter the overall Account risk rating or investment objective, the Client’s Advisor will prepare an updated Statement of Investment Selection reflecting the revised allocations to the Client’s portfolio and the Client will be required to execute the new Statement of Investment Selection before any reallocation of investments among Sleeves may be implemented. Investnet is a Co-Sponsor of the AMC Pinnacle program and conducts overlay management with respect to the trading within Client Program accounts and across all sleeves. Investnet combines the securities of all sleeves into a composite model and calculates security weightings for each security in the composite model. This helps minimize the trading activity based on the security weights by adjusting account holdings when trading events such as a request for cash from an account which results in sells of overweight positions or an additional investment into an account which results in investments in underweighted positions occur and helps to reduce portfolio costs, unnecessary trading and taxable events. See Investnet’s Form ADV, Part 2A for more specific information.

## **Sleeves.**

### *All Sleeves*

Client investments within each of the Sleeve are managed in accordance with certain asset allocation and portfolio investment models/portfolios selected by the Client in the Client's Statement of Investment Selection. In addition to STAS internally developed models, STAS has contracted with non-affiliated third party Model Managers which may provide additional models used by STAS with respect to investments in the various Sleeves, as well as, Envestnet related to their fixed income managers for separate account management of fixed income portfolios. STAS does not charge additional fees with respect to the use of its internally developed investment models. However, if Client elects to use a third party Model Manager's models, the Client's Program account will incur any additional increased direct costs associated with the Client's selection of non-STAS developed models in connection with Program investments.

With respect to the Program overall and in connection with the selection and continued uses of any of the Sleeves', STAS' Advisors are responsible for profiling the client, recommending an asset allocation strategy and managing the ongoing client relationship.

STAS is a Co-Sponsor of the Program and the Investment Manager of each of the Sleeves described below:

### **Strategist Sleeve**

STAS is Investment manager of the "Strategist Sleeve<sup>1</sup>" of the Program and as Investment Manager exercises investment discretion with respect to the management of the Client's investments in the Strategist Sleeve in accordance with certain asset allocation and portfolio investment models. STAS' investment discretion, as investment manager, includes the selection and maintenance of model providers and models, mutual funds and ETFs; modification to allocation profiles; and the replacement, reduction or elimination of any investment vehicle in the accounts.

### **Advisor Managed Sleeves**

STAS Advisors manage the "Advisor Sleeves": which consist of the Advisor Managed Discretionary Sleeve and Advisor Managed Non-Discretionary Sleeve. Investments must trade on an exchange to be in the sleeves.

### **Advisor Managed Discretionary Sleeve.**

The "Advisor Managed Discretionary Sleeve" provides discretionary, individualized investment management of the Sleeve's investments by certain approved STAS Advisors. Clients generally do not direct transactions for investments allocated to this Sleeve. Instead, the Client authorizes an STAS Advisor to manage the Client's designated assets allocated to this Sleeve on a fully discretionary basis by purchasing and/or selling individual stocks, bonds, mutual funds, closed-end funds, exchange-traded funds, certificates of deposit, money market instruments, depository receipts or other similar instruments relating to any of these securities within guidelines set by the STAS Policy Committee for portfolio construction and limitation of risk. Limited types of options transactions within guidelines set by the STAS Policy Committee may be conducted as part of investments managed within this Sleeve of the Program; however investment strategies utilizing margin or short selling are prohibited.

Clients electing to use options as part of this Program may need to contact their STAS Advisor when transactions in underlying securities are needed for cash flow or other reasons. Clients must indicate preferred maximum account loss

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<sup>1</sup> Strategist Sleeve - Models provided by STAS' Investment Advisory Group and third party managers consisting primarily of mutual funds and exchange traded funds ("ETFs").

they are willing to accept with respect to options transactions; however there are no guarantees that losses will be limited. Clients must also sign a margin agreement and need to sign an options agreement. Both STIS and NFS must approve these agreements prior to the implementation of a concentrated stock overlay management in an account. Clients will be provided with an options disclosure which they should read carefully

#### ***Advisor Managed Non-Discretionary Sleeve***

The “Advisor Managed Non-Discretionary Sleeve” provides non-discretionary, individualized investment management of the Sleeve’s investments. Advisors participating in this Sleeve of the Program do not have to be pre-approved by STAS as is the case in the Advisor Discretionary Sleeve. Within this Sleeve the STAS Advisor provides only investment recommendations. The initial and all subsequent investment decisions including selection of applicable models and following or disregarding changes suggested by applicable models are made by the Client and not by their STAS Advisor or STAS. The Advisor is primarily responsible for making investment management recommendations for the Advisor non-discretionary sleeve. Once the initial model is established for an Account, rebalancing is conducted on a discretionary basis by Envestnet as overlay manager. The Advisor also provides ongoing advisory services to the client, including client review meetings.

In accordance with Client’s investment objectives as stated in the Client’s investment profile, within this Sleeve the STAS Advisor may recommend that a Client invest and reinvest the assets in securities on the firm’s IAG Researched to Purchase List which includes various types of securities, including, but not limited to, common and preferred stocks, shares of mutual funds, closed-end funds, and exchange-traded funds and alternative investments within guidelines set by the STAS Policy Committee.

#### **Manager Model Sleeve**

The Manager Model Sleeve (“MM Sleeve<sup>2</sup>”) provides Clients with the ability to utilize the portfolio management services of a select, pre-screened group of investment managers (“Managers”) available through STAS which contracts directly with the Managers, (including Envestnet and its Envestnet Sentry Program, *see below*) to offer individualized investment management services to STAS clients. In connection with this Program, Client grants discretionary portfolio management authority to STAS. While most Managers are unaffiliated and are independent from STAS, Client may select STAS’ IAG as Manager.

STAS is Investment Manager of the SMA Sleeve and has investment discretion with respect to managing the Client’s investments in the MM Sleeve. STAS’ discretion as Co-Sponsor includes the selection and maintenance of Managers, model providers and models, mutual funds and ETFs; modification to allocation profiles; and the replacement, reduction or elimination of any investment vehicle in the accounts.

Where third party Model Manager models are selected, STAS utilizes the Model Manager’s security selections and does not apply its IAG research or Researched to Purchase/Retain or Sells Lists. Therefore, models could contain securities that are neither researched nor on any of the aforesaid lists maintained by STAS IAG.

STAS retains the authority to terminate or change Models within the MM Sleeve without prior notice to the affected clients when extenuating circumstances are such that STAS believes such termination or change is in the best interest of the Client. In such cases, an alternate Model will be selected and Client will be notified in writing of the change and

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<sup>2</sup> MM Sleeve - Models provided by STAS’ Investment Advisory Group and third party Investment Managers, including Envestnet Asset Management, Inc. consisting of a wide range of securities, including equity, fixed income and alternatives, among others.

affected investments funds will be reallocated among other selected Models. Should a Client reject an alternative Model selected by STAS, the assets in the terminated Model sleeve will be reallocated across the remaining sleeves by Investnet as Overlay Manager. If there are no other sleeves, the account will revert to a regular STIS brokerage account.

### **Fixed Income Manager Sleeve**

The Fixed Income Manager Sleeve provides Clients access to AMC Premier and Investnet's fixed income Investment Managers through the Sentry program. These services include:

- Providing access to Fixed Income SMA investment managers ("Investnet Managers"). The Investnet Managers have entered into sub-management agreements with Investnet to provide discretionary account management services;
- Providing administrative and /or trading services as directed by an Investnet Manager;
- Rebalancing services to maintain an account's asset allocation;
- Acting on any reasonable restrictions that Client may impose on the management of an account including designation of particular securities or types of securities that client does not want purchased.

STAS will recommend an appropriate asset allocation among the Investnet Managers in the Investnet Sentry program and recommend Investnet Manager(s) for Client's Program accounts. In recommending Investnet Managers for the Program accounts, STAS will consider factors it deems relevant, including but not limited to, the investment goals and objectives of Client, and any reasonable restrictions imposed by Client on management of the Accounts including the designation of particular securities or types of securities that should not be purchased for the Accounts, or that should be sold if held in the Accounts.

STAS relies upon Investnet for analysis and information and the identification, selection and monitoring of the various Fixed Income Investnet Managers offered. Investnet has conducted due diligence on Investnet Managers considered "Approved". Only "Approved" Managers are available for the Fixed Income Sleeve. If Investnet removes a Manager from the "Approved" status, in such cases, an alternate Manager will be selected and the Client will be notified in writing of the change and affected investments funds will be reallocated among other selected Managers. Should a client reject an alternative Manager selected by STAS, the assets in the terminated Manager sleeve will be reallocated across the remaining sleeves by Investnet as overlay manager. If there are no other sleeves, the account will revert to a regular STIS brokerage account.

STAS Advisors may utilize this information in addition to other research related to Client recommendations, if applicable.

STAS may also utilize this information in addition to other due diligence when conducting its review of Managers and Investnet.

Clients electing this program should carefully review Investnet's Form ADV, Part 2A for more information about its services.

### **Tax Overlay Services by Platform Manager**

#### Tax Overlay Services

When a Manager makes a change to its model, the Platform Manager:

- Weighs the impact of transactions on taxes against the risk of not complying with the Manager's changes;
- Maintains responsibility for the account administration and coordinates all trades; and,

- May elect to prevent the transaction or look to make additional changes to balance the change, if the individual Client's tax situation dictates the transaction not occur.

As is the case with all tax-managed accounts, there is a trade-off between realizing gains and adhering to the Manager's model. Differences between how tax-managed accounts are managed and the Manager's models is measured by tracking error ("TE"). The Platform Manager seeks to limit the amount of TE while balancing the tax implications of each transaction within a Client's account and replicate the Manager's model as closely as possible, subject to the Client's specific tax situation.

There is no guarantee that a client's investment objectives will be achieved, and past performance is not a guarantee of future results.

STAS' Advisors are responsible for profiling the client, recommending an asset allocation strategy and managing the ongoing Client relationship.

See FEES section below regarding how the fee is calculated for the AMC Pinnacle Program when more than one Sleeve is selected.

### **AMC Premier**

#### **Third Party Managers**

AMC Premier offers clients the portfolio management services of a select, pre-screened group of investment managers ("Managers") available through STAS which contracts directly with the Managers. Clients grant discretionary portfolio management authority to the Manager(s) they select. While most Managers are unaffiliated and are independent from STAS, clients may select STAS' IAG as Manager. STAS' recommendation of STAS as a Manager creates a conflict of interest. See section **Conflicts of Interest – STAS as Model Provider or SMA Manager** section below for more specific information.

STAS retains the authority to terminate or change Managers when extenuating circumstances are such that STAS believes a change is in the best interest of the client. In such cases, an alternate Manager will be selected and the client will be notified in writing of the change of Manager. Should the client wish to retain the terminated Manager, the client will be required to sign a separate investment management agreement with the terminated Manager.

#### **Manager Models**

STAS has pre-screened a group of third party investment managers ("Managers") from which the Manager's models are utilized that provide Clients with the ability to utilize the portfolio management services of a specific Manager. STAS contracts directly with the Managers to offer individualized investment management services to STAS Clients. In connection with these model portfolios, Clients grant discretionary portfolio management authority to STAS as the Investment Manager. While most Managers are unaffiliated and are independent from STAS, clients may select STAS' IAG as Manager.

As the Investment Manager of the model portfolios, STAS has investment discretion with respect to managing the client's investments. STAS' discretion includes the selection and maintenance of model providers and models, individual securities; modification to allocation profiles; and the replacement, reduction or elimination of any investment vehicle in the accounts.

Where third party Model Manager models are selected, STAS utilizes the Model Manager's security selections and does not apply its IAG research or Researched to Purchase/Retain or Sells Lists. Therefore, third party Model Manager models could contain securities that are neither researched nor on any of the lists maintained by STAS IAG.

STAS retains the authority to terminate or change Models without prior notice to the affected clients when extenuating circumstances are such that STAS believes such termination or change is in the best interest of the Client. In such cases, an alternate Model will be selected and the Client will be notified in writing of the change and affected investments funds will reallocated among other selected Models.

#### AMC Premier Multi-Strategy Account

The AMC Premier Multi-Strategy Account (“MSA”) Program was developed for clients who are looking to diversify their portfolios among different investment styles in an attempt to maximize performance while attempting to reduce the overall portfolio’s volatility.

STAS has pre-screened a group of third party investment managers (“Managers”) from which the Manager’s models are utilized that provide Clients with the ability to utilize the portfolio management services of a specific Manager. STAS contracts directly with the Managers to offer individualized investment management services to STAS Clients. In connection with these model portfolios, Clients grant discretionary portfolio management authority to STAS as the Investment Manager. While most Managers are unaffiliated and are independent from STAS, clients may select STAS’ IAG as Manager.

As the Investment Manager of the model portfolios, STAS has investment discretion with respect to managing the Client’s investments. STAS’ discretion includes the selection and maintenance of model providers and models, individual securities; modification to allocation profiles; and the replacement, reduction or elimination of any investment vehicle in the accounts.

Where third party Model Manager models are selected, STAS utilizes the Model Manager’s security selections and does not apply its IAG research or Researched to Purchase/Retain or Sells Lists. Therefore, models could contain securities that are neither researched nor on any of the lists maintained by STAS IAG.

STAS retains the authority to terminate or change Models without prior notice to the affected clients when extenuating circumstances are such that STAS believes such termination or change is in the best interest of the Client. In such cases, an alternate Model will be selected and the Client will be notified in writing of the change and affected investments funds will reallocated among other selected Models.

MSA also offers an optional component that identifies tax-related efficiencies within a Client’s account and manages them against an optimal rebalancing strategy. This optional component is subject to an additional fee but will not be greater than the amount referenced in the MSA service fee table. STAS will:

- assist in the development of a variety of MSA investment strategies, designed to fit a particular set of goals and objectives;
- on a discretionary basis, invest and reinvest Client’s assets in a combination of stocks, bonds and/or mutual funds, in accordance with the Client’s chosen allocation strategy;
- on no less than a quarterly basis, review and, if appropriate, rebalance client’s account;
- provide client with an investment proposal and quarterly investment performance reports (“Quarterly Reports”).

There is no guarantee that a Client’s investment objectives will be achieved, and past performance is not a guarantee of future results.

STAS' Advisors are responsible for profiling the client, recommending an asset allocation strategy and managing the ongoing Client relationship.

***AMC Fund Select Tactical and AMC Premier – Fidelity Investments® Charitable Gift Fund***

STAS has entered into an agreement with Fidelity Investments® Charitable Gift Fund ("Fidelity Charitable®") to offer charitable "Giving Accounts" established with Fidelity Charitable to its clients. In accordance with the terms of the agreement with Fidelity Charitable, the STAS AMC Fund Select Tactical and AMC Premier Programs are presently the only AMC Programs eligible for investment of Giving Accounts.

Giving Accounts established with Fidelity Charitable are irrevocable charitable gifts to the Fidelity Investments Charitable Gift Fund. The assets of each Giving Account are held and remain the sole property of the Trustees of Fidelity Investments Charitable Gift Fund, who have exclusive ownership and legal control over the balances, as well as complete and sole discretion over investment decisions regarding each Giving Account. However, Fidelity Charitable allows the donor of a Giving Account or their designee ("Account Holder") to have certain advisory privileges over the Giving Account with respect to distributions and investments.

STAS Advisors are prohibited from being an Account Holder with respect to any assets invested in the Fidelity Investments Charitable Gift Fund including accounts of family members or related entities.

Giving Accounts are not subject to minimum fees associated with the STAS AMC Fund Select Tactical and AMC Premier Programs; however, Giving Accounts are subject to each AMC Program's minimum funding amount. Giving Accounts that fall below a Program's minimum funding amount may be invested by Fidelity Charitable in other investment pools. Fidelity Charitable charges additional administrative fees on Giving Accounts. See section Additional Fees, Fidelity Investments® Charitable Gift Fund, below.

There is no guarantee that a Client's investment objectives will be achieved, and past performance is not a guarantee of future results.

STAS Advisors are responsible for profiling the client, recommending an asset allocation strategy and managing the ongoing Client relationship.

***Investnet Asset Management, Inc. SMA Program – Investnet Sentry***

STAS has contracted with Investnet to offer its sponsored separate managed account program, Investnet Sentry. Investnet's services include:

- Providing access to SMA investment managers ("Investnet Managers"). These managers have entered into sub-management agreements with Investnet to provide discretionary account management services;
- Providing administrative and /or trading services as directed by an Investnet Manager;
- Rebalancing services to maintain an account's asset allocation;
- Acting on any reasonable restrictions that Client may impose on the management of an account including designation of particular securities or types of securities that client does not want purchased.

STAS will recommend an appropriate asset allocation among the Investnet Managers in the Investnet Sentry program and recommend Investnet Manager(s) for Client's Program accounts. In recommending Investnet Managers for the Program accounts, STAS will consider factors it deems relevant, including but not limited to, the investment goals and objectives of Client, and any reasonable restrictions imposed by Client on management of the Accounts including the

designation of particular securities or types of securities that should not be purchased for the Accounts, or that should be sold if held in the Accounts.

STAS relies upon Investnet for analysis and information and the identification, selection and monitoring of the various Investnet Managers offered through the program. Investnet has conducted due diligence on Investnet Managers considered "Approved". Those Investnet Managers in which Investnet does not conduct due diligence, or Approved Investnet Managers which do meet performance standards established by Investnet, are considered "Available". Investnet in its sole discretion determines if an Investnet Manager will be considered "Approved" or "Available". STAS Advisors may utilize this information in addition to other research related to Client recommendations, if applicable.

STAS may also utilize this information in addition to other due diligence when conducting its review of Model Providers and Investnet.

If an Investnet Manager is removed from the platform, Client and their STAS Advisor will receive notice to change to a new investment manager. If no change is made, the Program Account will be reclassified as a standard commission brokerage account.

STAS' Investment Consulting Group conducts due diligence on Investnet as a sub-advisor annually. The review is based on applicable information gathered from various sources, including information from Investnet, disclosure documents and personnel changes among other items. As a result of these reviews, STAS may identify actual or potential concerns regarding Investnet and/or an "Approved" or "Available" Investnet Manager and may request that Investnet and/or the Investnet Manager take corrective action to address such concerns. The review may result in the removal of an Investnet Manager from the Investnet Sentry Program.

Participation in the Investnet Sentry Program is subject to approval by Investnet. Investnet in its sole discretion may determine whether to accept or reject a Client or Account's participation in the Investnet Sentry Program. Upon opening a Investnet Sentry Account Client will become an investment management client of STAS, Investnet and the respective Investnet Manager(s).

Clients electing this program should carefully review Investnet's Form ADV, Part 2A for more information about its services.

#### **Tax Overlay Services by Platform Manager**

When a Manager makes a change to its model, the Platform Manager:

- Weighs the impact of transactions on taxes against the risk of not complying with the Manager's changes;
- Maintains responsibility for the account administration and coordinates all trades; and,
- May elect to prevent the transaction or look to make additional changes to balance the change, if the individual Client's tax situation dictates the transaction not occur.

As is the case with all tax-managed accounts, there is a trade-off between realizing gains and adhering to the Manager's model. Differences between how tax-managed accounts are managed and the Manager's models is measured by tracking error ("TE"). The Platform Manager seeks to limit the amount of TE while balancing the tax implications of each transaction within a Client's account and replicate the Manager's model as closely as possible, subject to the Client's specific tax situation.

There is no guarantee that a client's investment objectives will be achieved, and past performance is not a guarantee of future results.



STAS Advisors are responsible for profiling the client, recommending an asset allocation strategy and managing the ongoing client relationship.

Total STAS AMC Program Assets Under Management as of December 31, 2017:

Discretionary	\$ 13,137,130,460
Non-Discretionary	\$ 5,899,141,692

**FEES**

**STAS Model Manager, Separate Account Manager and Research and Other Advisory Services Fees**

Model Manager Services

STB pays STAS a fee based on the assets in the models supplied to STB of approximately 20 to 25 basis points based on the assets under management in each model.

Separate Account Manager Services

STB pays STAS a fee based on the assets managed by STAS' IAG as SMA Manager of 20 to 25 basis points based on the assets under management in each client portfolio.

IAG Fixed Income Asset Management for Municipal Entities

Fees for fixed income asset management is negotiable and is generally six (6) basis points on the first \$50 million of assets under management and three (3) basis points on amounts over \$50 million.

Research and Other Advisory Services

STB and STIS pay STAS an annual rate of two (2) basis points of their respective client assets for these research services. A portion of the respective IAG Associates' time and resource costs associated with the advisory services related to fixed income positions of STB advisor client portfolio are paid by STB.

AMC Program Fees

All Program accounts are charged an asset-based advisory fee (the "Advisory Fee") that includes STAS' ongoing client advice and service and the execution and custodial services of NFS except those charges that, as described in the **Other Fees and charges** section below, will be paid by the client. The Advisory Fee is tiered, based on the market value of the client's assets calculated on the last billing day of the previous quarter.

**Additional Model or Manager Fee.** In addition to the Advisory Fee, in the case of AMC Fund Select Tactical, AMC Pinnacle, AMC Premier SMA, AMC Premier MSA and Envestnet Sentry Program accounts, if an independent Model Manager or SMA managers is selected by the Client the Fee will also incorporate an additional independent Model/Manager fee (together with the Advisory Fee, the "Fee"). The annual Advisory Fee is negotiable and may differ from client to client based upon a number of factors including, but not limited to, the type and size of the client's account, the range of services provided to the client, the total relationship between STAS, the client in terms of assets under management or supervision and the date it was established.

AMC Pinnacle Model Portfolio fees range from 25 to 40 basis points and AMC Premier SMA Manager fees range from 20 to 125 basis points. Envestnet Sentry Manager fees are more fully described in Envestnet's Form ADV, Part 2A.

The maximum annual Fee is determined in accordance with the following schedule.

**NOTE: AMC Fund Select Tactical, AMC Fund Select Tactical Focus, AMC Pinnacle and AMC Premier SMA , AMC Premier MSA and Envestnet Sentry Programs using unaffiliated model providers or SMA managers include a model portfolio or manager fee in addition to the STAS Advisory Fee noted below.**

STAS Advisory Fee for all AMC programs:

<b>Assets Under Management</b>	<b>STAS Equity Advisory Fee*</b>	<b>STAS Fixed Income Advisory Fee^</b>
\$0 - \$500,000	1.35%	0.65%
\$500,001 - \$1,000,000	1.15%	0.65%
\$1,000,001 - \$2,000,000	0.95%	0.55%
\$2,000,001 - \$5,000,000	0.85%	0.50%
\$5,000,001 - \$10,000,000	0.60%	0.40%
\$10,000,001 - \$20,000,000	0.50%	0.30%
\$20,000,001 - \$30,000,000	0.45%	0.30%
\$30,000,001 and Over	0.40%	0.30%

\*AMC Fund Select Tactical, AMC Fund Select Tactical - Focus, AMC Pinnacle, AMC Premier and Envestnet Sentry equity accounts.

^AMC Pinnacle (applies to fixed income third party manager sleeves that invest in fixed income securities and does not include mutual fund shares or ETFs), AMC Premier and Envestnet Sentry fixed income accounts.

Please refer to each Manager's Brochure for more information on charges and expenses.

Clients who elect the Tax Overlay management services of the Platform Manager will be charged an additional fee based on the schedule below in addition to the Advisory Fee, manager or model fees.

<b>Assets Under Management</b>	<b>Tax Overlay Service</b>
\$0 - \$10,000,000	10 basis points
\$10,000,001- \$25,000,000	8 basis points
\$25,000,001 and over	5 basis points

#### **Example of Overall Tiered Fee Calculation**

An AMC Fund Select Tactical equity portfolio of \$1,000,000 would have an effective overall fee of 1.25%:

First \$500,000 at 1.35% would be an annual fee of \$6,750 and the next \$500,000 at 1.15% would be an annual fee of \$5,750. The total fee of \$12,500 (\$6,750 plus \$5,750) equates to 1.25% of the total portfolio value of \$1,000,000.

An AMC Premier equity portfolio of \$1,000,000 managed by a third party manager would include the additional manager fee (example 0.45%), thus raising the effective overall tiered fee to 1.70%.

STAS base equity fee of \$12,500 PLUS the third party manager fee of \$4,500 equals \$17,000 or 1.70%.

#### AMC Pinnacle Program Account with Multiple Sleeves

The client fee is based on the total value of the assets in the AMC Pinnacle Account and includes an additional Model or Manager Fee if an unaffiliated model provider or manager is selected by the Client, see **Additional Model or Manager Fee** section above.

Example:

AMC Pinnacle total account asset value:	\$500,000	
SMA Sleeve – 3 <sup>rd</sup> Party Manager	\$300,000	STAS fee plus 3rd Party Manager fee on \$300,000
Advisor Managed Sleeve	\$100,000	STAS fee (no 3rd Party Advisor)
Strategist Sleeve	\$100,000	STAS fee plus 3rd Party Manager fee on \$100,000

Fees are charged quarterly, in advance, at the annual rates shown above based on assets under management for an account. Fees are pro-rated for accounts that are opened or closed during the quarter. Multiple Program accounts held by the same client or members of the client's immediate family (i.e., spouse, children, or parents) within the same Program may be aggregated for purposes of determining total amount of assets under management. The fees are automatically deducted from the client's account.

The initial Fee is billed from the date the account is established on the Envestnet system through the end of that calendar quarter in advance and is based on the initial value of the assets placed in the account as of the close of business on the day the account is opened and funded. Thereafter, Fees are billed quarterly in advance, based on the value of the account assets at the close of the last business day of the previous calendar quarter. If client invests or withdraws \$10,000 or more in an account after the inception of a calendar quarter, the Fee for that quarter will be recalculated and pro-rated as of the day of the additional investment or withdrawal.

STAS retains the right to waive or increase or decrease the minimum investment amounts for each Program upon written notice to affected clients.

The Fee is deducted from the account or client may agree to have the Fee deducted from another account owned by the same client. If STAS is be unable to collect the Fee from any such separate account for any reason STAS shall be entitled to deduct the Fee from the original account without obtaining additional authorization from the client.

#### Unsupervised Assets

Assets in Client accounts may be classified as "Unsupervised" for a variety of reasons. Unsupervised assets, although held in the same underlying brokerage account are not part of the managed assets and therefore, no advice is given related to these assets, the assets are not subject to the management fee and Unsupervised assets are not included in the performance reports.

#### Excluded Assets

Assets in Client accounts may be classified as Excluded for a variety of reasons. Excluded assets can be included in a model and will be included in performance reports but will not be included in the calculation of the Program Fee.

STAS may discount the annual fee for employees of STAS and its affiliates.

**Additional Fees, Fidelity Investments® Charitable Gift Fund**

Compensation paid to Fidelity Charitable listed below is charged to each Giving Account in addition to any Fees assessed by STAS and/or any model provider or investment manager.

Giving Accounts Less than \$5,000,000

**Tiered Fee Schedule**

Average Giving Account Balance	Fee (Basis Points)
First \$500,000	60 bps
Next \$500,000	30 bps
Next \$1,500,000	20 bps
Next \$2,499,999	15 bps

Giving Accounts with Balances of \$5,000,000 or More:

**Flat Fee Schedule**

Average Giving Account Balance	Fee (Basis Points)
\$ 5,000,000 - \$ 9,999,999	19 bps
\$10,000,000 - \$19,999,999	17 bps
\$20,000,000 - \$34,999,999	15.5 bps
\$35,000,000 - \$47,999,999	13.5 bps
\$48,000,000 - \$74,999,999	12 bps
\$75,000,000 and up	11.5 bps

**AMC Premier SMA, AMC Premier MSA and Envestnet Sentry Programs****Manager Fees**

STAS has entered into master contract arrangements with Managers who have agreed to manage client accounts using the AMC Premier SMA Programs. Envestnet has entered into master contract arrangements with Managers who have agreed to manage client accounts using the Envestnet Sentry Program. In addition, STAS also entered into agreements with model providers for the MSA portfolios that are managed by STAS. In general, each participating third party Manager charges a percentage fee (the "Manager Fee") which ranges from 20 to 125 basis points which is included in the Fee charged. However, the Manager retains the right to alter the Manager Fee depending on the size of the client account and the asset class and style of management provided, and some Managers may charge a higher fee. The Manager Fee is included in the account Fee and is in addition to the Advisory Fee earned by STAS. See section **Fees** above. Future changes in the Manager Fee may result in a change in the total Fee charged to clients

**Margin**

The Advisory Fee is based on the total amount of assets in the client's account, including assets purchased by an investment manager using margin. If an investment manager uses margin in a client's account, STAS and the client's Advisor each will receive additional compensation based on the increase in the managed assets. Although the Advisory Fee, as a percentage of assets under management, will not change, the total assets on which this percentage is based will increase through the use of borrowed funds, and, accordingly, the compensation paid to STAS and the client's Advisor will increase. In addition, clients who borrow funds will pay interest on the outstanding loan balance. There are risks associated with the use of borrowed funds for investment purposes. The decision to use leverage from borrowed funds in a client account rests with the client and should be made only if the client understands the risks of margin borrowing, the impact of the use of borrowed funds on an account and how the use of margin may affect the client's ability to achieve investment objectives. Specifically, positive or negative performance of a margined account, net of interest charges and other account fees, will be enhanced by virtue of using borrowed money. Thus, gains or losses in a leveraged account will be greater than would be the case with an un-leveraged account. In addition, clients with margin

accounts may need to deposit additional cash or collateral if the value of the portfolio declines below the required loan-to-value ratio. If the client cannot provide the additional collateral, NFS, in their sole discretion, may sell securities in the collateral account or accounts to meet the margin requirement. In these circumstances, the securities often may be sold into a market that is declining, so the prices obtained for the securities may be less than favorable. STAS and/or the Advisor and/or any applicable Manager will not act as investment adviser to the client with respect to the liquidation of securities held in an account to meet a margin call and, as creditors, STAS and our affiliates may have interests that are adverse to the client. Clients electing to engage in margin borrowing will receive a separate margin disclosure document.

#### Concentrated Stock Overlay Portfolios

One or more Managers offer concentrated stock overlay management for clients with concentrated positions in securities on which options are written. These Managers only trade in option contracts of the underlying securities and do not manage the underlying securities with the objective of increasing returns. Clients electing this service may need to contact their STAS Advisor when transactions in underlying securities are needed for cash flow or other reasons. Clients must also sign an options account agreement. Both STIS and NFS must approve these agreements prior to the implementation of a concentrated stock overlay management in an account. Clients should read the Margin section above and will be provided with an options disclosure which they should read carefully. Concentrated stock overlay management services are provided by a Manager for an additional fee.

#### Portable Yield Strategy Portfolios

One or more Managers offer yield enhancing management strategies for clients which involve option strategies. These Managers only trade in option contracts of the underlying securities and do not manage the underlying securities with the objective of increasing returns. Clients electing this service may need to contact their STAS Advisor when transactions in underlying securities are needed for cash flow or other reasons. Clients must indicate preferred maximum account loss they are willing to accept; however there are no guarantees that losses will be limited. Clients must also sign a margin agreement and need to sign an options agreement. The target downside risk, as a percent of the initial amount invested in the portfolio strategy is 6.0%, gross of fees. For example, an account with an initial investment of \$3 million will not be actively managed (no purchases or sells of new contracts) after accumulating more than \$180,000 in realized or unrealized losses. At that time, accounts may incur additional losses from existing contracts written before the \$180,000 loss was exceeded due to existing positions that could continue to incur losses..

Should the downside threshold of 6% be reached, STAS will terminate the account and the existing contracts will be held. If the client chooses to liquidate existing contracts, the client must request the account be terminated and liquidated prior to the firm terminating the account.

Both STIS and NFS must approve these agreements prior to the implementation of a concentrated stock overlay management in an account. Clients should read the Margin section above and will be provided with an options disclosure which they should read carefully.

#### **COMPENSATION**

Clients will not be charged a separate commission or other transaction charge for trades executed through STIS via NFS; those charges are included in the Advisory Fee, and STAS will pay STIS NFS' commissions and other transaction charges (as negotiated between STAS and STIS) for transactions for AMC Programs described in this brochure. STAS or one or more of their affiliates incurs additional expenses as the amount of trading in an AMC Programs described in this brochure increases. As a result, STAS has a financial interest in the number of trades recommended and has an incentive to seek to limit the extent of trading activity of the AMC Programs described in this brochure. Client may be

charged other fees associated with their account, see **Other Fees and Charges** section below. Also see **CONFLICTS OF INTEREST – Active Trading** section below.

For the duration of the underlying investment management agreement, STAS shares these Advisory Fees with client's Advisor and other employees of STAS and its affiliates. Because of this, Advisors have a financial incentive to recommend a Program which pays higher compensation to STAS and its affiliates over another Program.

STAS and your Advisor may earn greater compensation if you invest in a Program described in this Brochure than if you open a brokerage account to buy individual securities. Therefore, if greater compensation is expected to be received from an investment management Program account than from a brokerage relationship, Advisors and STAS have a financial incentive to recommend one of the Programs described in this Brochure rather than an individual brokerage account relationship. See **CONFLICTS OF INTEREST – Advisory vs Brokerage Account** section below.

STAS and your Advisor may earn greater compensation if you invest in a Program described in this Brochure than if you open a SunTrust Bank trust or investment management account to manage your assets. Therefore, if greater compensation is expected to be received from an investment management Program account than from a STB trust or investment management relationship, Advisors and STAS have a financial incentive to recommend one of the Programs described in this Brochure rather than a STB trust or investment management relationship. See **CONFLICTS OF INTEREST – Advisory vs SunTrust Bank Trust and Investment Management Accounts** section below.

SunTrust Bank employees may refer qualified bank clients to STAS Advisors for a one-time nominal fee of a fixed dollar amount that is not contingent on whether the qualified Client referral results in any advisory activity or the establishment of an investment advisory relationship. See **CONFLICTS OF INTEREST – Non-Deposit Retail Sales (Networking) Agreement** section below

#### **Other**

STAS may allocate a portion of the fees it receives to the custodian for processing and administration. See **Account Requirements and Types of Clients** section below for detail pertaining to services of the Carrying Broker.

#### **Termination of AMC Advisory Relationship**

Upon termination of the AMC Advisory relationship, your account will revert to a STIS brokerage account.

#### **Valuation**

In computing the fair market value of the Assets, the value of shares in Funds and ETFs will be based on their respective net asset values as calculated on the valuation date (or the most recent net asset value if none is calculated on the valuation date) as determined by National Financial Services, LLC. Any such valuation should not be considered a guarantee of any kind whatsoever with respect to the value of the Assets in the Account. National Financial Services, LLC may use a pricing service or other independent evaluator, as well as other independent sources, in computing the value of securities. These values are believed to be reliable, but STAS will not verify the accuracy of the information.

#### **Other fees or charges:**

Clients may also incur separate fees or charges associated with odd-lot differentials, auction fees, transfer taxes, electronic fund and wire transfer fees, SEC fees on NASDAQ trades, any other fees mandated by law, certain fees in connection with the establishment or administration or termination of retirement or profit sharing plans or trust accounting, and any other charges for special services requested by clients. Some client accounts may hold shares of investment companies, including money market funds, closed-end funds, and/or exchange-traded funds. Those funds have their own expenses, including certain advisory, distribution or other fees, and a client account invested in those funds will indirectly bear a portion of those expenses. Each of the fees discussed above is in addition to the Fee.

In addition to the Advisory Fees, clients are subject to certain charges in connection with investments made through the Programs, including mutual fund/ETF advisory, distribution, early redemption or other fees.

Money market funds and other mutual funds, including ETFs in which clients may invest, or the advisers or principal underwriters of the funds, may make payments to STIS, an affiliated company of STAS, pursuant to a Rule 12b-1 distribution plan or other arrangement as compensation for distribution, shareholder services, recordkeeping, or administrative services; these payments may be paid from the fund's total assets or may be paid by a fund's adviser or distributor. STIS automatically credits client accounts with any 12b-1 fees as well as any other fees for the distribution, shareholder services, recordkeeping or administrative services received during the period an account is managed under an STAS investment management agreement. The Rule 12b-1 distribution plan and other fee arrangements will be disclosed upon request and typically are disclosed in the applicable fund's registration statement.

STAS uses its reasonable best efforts to purchase lower cost mutual fund and ETF shares but in certain instances cannot because the applicable mutual fund company or ETF sponsor does not offer institutional class non-12b-1 fee paying mutual fund or ETF shares or does not contractually offer them to STIS clients through the NFS platform.

#### Account Transfer to Another Firm

When client elects to transfer their account to another firm through an ACAT process, the investment advisory relationship with STAS will terminate. Any fees, commissions or other charges related to the liquidation of the Program account assets will be charged to the account prior to transfer.

Clients have the option to purchase investment products that we recommend through other broker-dealers or agents that are not affiliated with STIS.

### **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

#### **IAG Account Requirements and Types of Clients**

IAG relies on STB's minimum account requirements.

The advisory management services of IAG are made available to STB individual, corporate, municipal and common trust fund clients.

#### **AMC Program Account Requirements and Types of Clients**

<b>Program</b>	<b>Minimum Funding Amount*</b>
AMC Fund Select Advisor	\$50,000
AMC Fund Select Tactical	\$50,000
AMC Fund Select Tactical - Focus	\$10,000
AMC Pinnacle	\$50,000
AMC Premier	\$100,000 Equity \$250,000 Fixed Income (varies by Manager)
Investnet Sentry	\$100,000 Equity \$250,000 Fixed Income (varies by Manager)

These Programs are made available to individuals, corporations and other business entities, pension and profit sharing plans, charitable organizations and not-for-profit organizations. STAS reserves the right to accept, reject or renew any client for the Program. Our products and services are not guaranteed by SunTrust Bank, any other bank, or any subsidiary of SunTrust Banks, Inc. Products recommended by STAS are not insured by the Federal Deposit Insurance Corporation with the exception of investments of up to \$250,000 in certain Brokered CDs and The SunTrust Bank Sweep Deposit Option.

**\*Accounts established and not funded at the minimum funding requirement within 90 days will be transitioned to standard commission brokerage accounts.**

### **Class Action Suits**

#### **IAG Managed and Advised Accounts**

IAG Associates are prohibited from giving advice regarding class actions related to managed and advised STB client accounts.

#### **AMC Program**

As custodian, NFS researches client ownership of certified class action suits involving securities for which it holds custody. Once a class action suit has been certified, NFS will screen client ownership records using the specific criteria defined in the suit. Client names and addresses meeting the specified criteria will be provided to the claims administrator assigned by the courts. The claims administrator will then mail all class action notices to the client. Client may elect to participate in the suit; however STAS and NFS are not responsible for submitting documents of behalf of client.

### **PORTFOLIO MANAGER AND MODEL MANAGER SELECTION AND EVALUATION**

STAS' IAG identifies and conducts initial and ongoing investment due diligence with respect to Managers (SMA and Model Provider Managers) for inclusion in the AMC Premier Program and the Strategist and SMA Sleeves in the AMC Pinnacle Program. Certain Approved Managers enter into model portfolio agreements and investment management agreements with STAS.

Envestnet, as Co-Sponsor, overlay manager and/or Manager with respect to the Envestnet Sentry Program and the SMA Sleeve in the AMC Pinnacle Program identifies and conducts initial and ongoing investment due diligence with respect to Managers (SMA and Model Provider Managers) for inclusion in the those programs. Certain Approved Managers enter into model portfolio agreements and investment management agreements with Envestnet.

IAG conducts reviews of mutual funds, third party managers and other investment vehicles utilized in the STAS managed account Programs and portfolios and determines which to include and if and when to remove a fund, investment vehicle or other investment vehicle. A representative from IAG presents reports at the monthly STAS IAG Working Group of the Product Working Group meeting related to Model Managers, Managers and other investment vehicle changes made by IAG.

IAG also creates and maintains model portfolios and asset allocation strategies utilized in the AMC Fund Select Tactical, AMC Fund Select Tactical, Focus, AMC Pinnacle and the AMC Premier programs. IAG members are also Managers of the AMC Fund Select Tactical, AMC Fund Select Tactical Focus, certain portfolios in the AMC Pinnacle and AMC Premier programs. A representative from IAG periodically presents a new or modified model portfolio and/or asset allocation strategy to the STAS Product Working Group for review and approval. The STAS Product Working Group also reviews and approves or rejects any Manager services provided by IAG to any portfolio offered to clients in connection with the AMC Programs.



In the Envestnet Sentry program, Envestnet Asset Management, Inc. conducts due diligence and determines which managers are on the Approved managers list and STAS' IAG conducts due diligence and determines which Available managers to include in the program.

In offering each AMC Program, STAS Advisors work with individual Clients to develop a personal client profile that identifies the Client's goals, risk tolerance, time horizon, financial situation, reasonable investment restrictions and other factors that influence investment approach. The STAS Advisor produces an investment proposal for the Client. The investment proposal includes an asset allocation strategy based on the Client's responses to the questions posed by his or her STAS Advisor in the client profile or questionnaire. The Client then selects the appropriate AMC Program based on this recommendation.

After reviewing and approving the investment proposal, the Client, with the Advisor's assistance, opens an account and signs a Brokerage Account Agreement and an investment advisory agreement authorizing management of the account in accordance with the terms and conditions of the AMC Program selected.

The Platform Manager provides STAS with a quarterly investment performance report ("Quarterly Report") for each Client. This is a detailed report on the Client's assets invested in the Program, including performance data for the most recent quarter, year-to-date and since-inception-to-date. The Quarterly Report includes:

- Market Commentary
- Current Account Holdings
- Account Performance
- Transaction Detail

STAS believes this information is reliable; however, STAS does not independently verify the accuracy of any information in a Quarterly Report.

The IAG Working Group of the Product Working Group of STAS oversees these Programs and reviews the performance information and due diligence and other information provided by IAG.

## **CONFLICTS OF INTEREST**

In offering the Programs STAS has various conflicts of interest, described below.

Financial Incentive Programs. For the duration of the underlying investment management agreement STAS Advisors are compensated in part by Financial Incentive Programs ("FIP") which reward them with a percentage of the revenue STAS receives from the Programs described in this brochure. In addition, Advisors can be awarded an annual bonus of up to 8.25% of year-to-date qualifying revenue generated, which is based, in part on net new managed assets. Because of this, Advisors have a financial incentive to recommend the Programs described in this brochure over investment products and programs which are not provided by STAS. STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to determine that it is in the best interest of each client and their unique investment objectives and financial circumstances in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Non-Deposit Retail Sales (Networking) Agreement: Under the agreement, unregistered STB employees may refer qualified bank clients to STAS Advisors for a one-time nominal fee of a fixed dollar amount that is not contingent on whether the qualified Client referral results in any advisory activity or the establishment of an investment advisory

relationship. STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to determine that it is in the best interest of each client and their unique investment objectives and financial circumstances in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder. Furthermore, STB supervises its unlicensed employee investment referrals in accordance with the requirements of Federal Reserve Board Regulation R, Exceptions for Banks from the Definition of Broker in the Securities Exchange Act of 1934.

Advisory vs. Brokerage Accounts. Depending upon the level of a client's investment activity and corresponding brokerage commissions STAS and your Advisor may earn greater compensation from a Program described in this Brochure than if the client instead elected a brokerage relationship and purchased individual securities. If anticipated brokerage compensation is less than the Advisory Fee, Advisors and STAS will have a financial incentive to recommend one of the Programs described in this Brochure instead of a brokerage relationship. STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to determine that it is in the best interest of each client and their unique investment objectives and financial circumstances in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Advisory vs. SunTrust Bank Trust and Investment Management Accounts. If anticipated revenue from a SunTrust bank trust or investment management account is less than a client's anticipated Advisory Fee, Advisors who are also SunTrust Bank Employees and STAS, will have a financial incentive to recommend one of the Programs described in this Brochure instead of a SunTrust bank trust or investment management relationship. In these circumstances Advisors and STAS will have a financial incentive to recommend one of the Programs described in this Brochure. STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to determine that it is in the best interest of each client and their unique investment objectives and financial circumstances in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Clients with assets on both the STB and STAS platforms will not have assets combined for fee discounts on either platform, each entity and its programs are separate and distinct from each other.

Use of Affiliated Broker Dealer. STAS requires all clients participating in the AMC Programs and Envestnet Programs described in this brochure to maintain their Program Accounts in a brokerage account established with its affiliated broker-dealer, STIS. The required use of an affiliated brokerage account provides additional revenue to STIS and, through management efficiencies, provide benefits to STAS in reducing the cost of administering the Programs. STAS addresses this conflict of interest by disclosing it to its clients and monitoring STIS for best execution practices through its Product Working Group for conformity with STAS fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Clients have the option to purchase investment products that we recommend through other broker-dealers or agents that are not affiliated with STIS.

Active Trading. Clients are not charged a separate commission or other transaction charge for trades executed through STIS via NFS; instead these charges are included in the Advisory Fee, and STAS will pay STIS NFS' commissions and other transaction charges (as negotiated between STAS and STIS) for transactions for AMC Programs described in this brochure. STAS or one or more of their affiliates will incur additional expenses as the amount of trading in an AMC Programs described in this brochure increases. As a result, STAS has a conflict of interest and financial incentive to limit the number of trades recommended and has an incentive to seek to limit the extent of trading activity of the AMC Programs described in this brochure. STAS addresses this conflict of interest by disclosing it to its clients and by supervising the activities and recommendations made by IAG with supervisory review by its IAG Working Group which is

part of the Product Working Group for conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Models Created by IAG for Management of AMC Program Portfolios and Affiliate's Usage of the Models for Client Portfolio Management (STB and STAS Advisors). STAS, STB and/or STAS Advisor Managed Programs utilizing models created by IAG for management of STAS AMC program portfolios may independently elect to modify IAG models in allocation percentage and/or security selection with respect to accounts they separately manage. Such changes will have differing performance and portfolio positions than the IAG models. Further, even if the IAG models used are the same as those created and used by IAG, the timing of trade entry will differ due to separate decision making and order entry systems used by each investment provider resulting in differences in performance due to the possible differing of trade execution prices, resulting in either a lower or higher share costs due to market conditions at the time of order execution. Further, the changes are published by STAS IAG to STAS and all affiliates simultaneously, or as closely as possible. Each firm is responsible for implementing the updates in accordance with their internal systems and procedures. STAS addresses this conflict of interest by disclosing it to its clients and by simultaneously sharing changes to its models among all its Advisors, including AMC Program Accounts, Advisor Managed Program Accounts and STB in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Research Reports Created by IAG and Usage of Reports by IAG and Affiliated Firms. Research reports are created by IAG and used by IAG for managing client AMC Program portfolios is also shared with STAS Advisor Managed programs, STB and STIS. The changes are published by STAS IAG to STAS and all affiliates simultaneously or as closely as possible. Each firm is responsible for implementing the updates in accordance with their internal systems and procedures. In addition, STB, STIS and STAS Advisors may not act upon such research at the same time that IAG does for the AMC Program portfolios, resulting in the possible differing of trade execution times and prices and therefore performance due to market conditions at the time of order execution. STAS addresses this conflict of interest by disclosing it to its clients and by simultaneously sharing changes to its research among all its clients, including AMC Program Accounts, Advisor Managed Program Accounts and STB in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder. Each of STAS, Advisors servicing the STAS Advisor Managed Programs, STB and STIS independently administer their respective investment management and advisory programs.

Business Conflicts. STAS and its affiliates, including SunTrust Bank, do business with companies, managers and mutual funds covered by STAS IAG. Furthermore, SunTrust Bank and its affiliates and client accounts, may hold a trading position (long or short) in, the securities of companies or funds subject to such research. Therefore, STAS and SunTrust Bank have a conflict of interest that could affect the objectivity of STAS research reports. STAS addresses this conflict of interest by disclosing it to its clients and by supervising the activities and recommendations made by IAG with supervisory review by its IAG Working Group which is part of the Product Working Group for conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Educational Conferences by Mutual Funds and Managers. Managers and mutual funds offered in connection with the Programs may also sponsor their own educational conferences. STAS' policies require that the training or educational portion of these conferences comprises substantially the entire event and that STAS pay its employee's expenses in connection with such events. Managers and mutual funds may sponsor educational meetings or seminars in which clients as well as Advisors are invited to participate.

Different Advice. Although STAS' IAG manages assets on affiliated firm's platforms (STB) and also provides research and models similar to the models IAG utilizes in the AMC portfolios to STB, STAS, STB and Advisors of STAS Advisor Managed Programs may give different advice, take different action, receive more or less compensation, or hold or deal in different securities for any other party, client or account (including their own accounts or those of their affiliates) from the advice given, actions taken, compensation received or securities held or dealt for an AMC Program account. STAS addresses this

conflict of interest by disclosing it to its clients and by sharing changes to its research, models and other investment research among all its clients simultaneously or as closely as possible, including AMC Program Accounts, Advisor Managed Program Accounts and STB in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Services Provided to Other Clients. STAS and its affiliates and Managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and commercial and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in the programs described in this Brochure. STAS and its affiliates and managers and their affiliates receive compensation and fees in connection with these services. STAS believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account. Accordingly, it is likely that securities in an account will include some of the securities of companies for which STAS and its affiliates, and managers, and their affiliates perform investment banking, commercial banking or other services. STAS addresses this conflict of interest by disclosing it to its clients and conducting its investment advisory activities in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Trading for Own and Other Accounts. STAS, the Managers and their affiliates may also develop analyses and/or evaluations of securities sold in a Program described in this brochure, as well as buy and sell interests in securities on behalf of their proprietary or client accounts. These analyses, evaluations and purchase and sale activities are proprietary and confidential, and STAS will not disclose them to clients. STAS may not be able to act, in respect of clients' account, on any such information, analyses or evaluations. STAS, managers and their affiliates are not obligated to effect any transaction that they believe would violate federal or state law, or the regulations of any regulatory or self-regulatory body. STAS addresses this conflict of interest by disclosing it to its clients and conducting its investment advisory activities in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

SunTrust Bank Sweep Deposit Option. STAS has a conflict of interest in selecting, recommending or defaulting to the SunTrust Bank Sweep Deposit Option as a core sweep investment vehicle because SunTrust Bank, its affiliate, receives interest spread compensation with respect to all of its deposits. STAS addresses this conflict of interest by disclosing it to its clients and recommending its affiliated sweep products only when it determines that based upon yield and other investment characteristics use of affiliated sweep deposit options is in the best interest of its clients in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder. See section **All Programs - Core Account**, below.

STAS as Model Provider or SMA Manager. From time to time, Programs include STAS as a manager or model provider. STAS does not charge an additional fee for use of models developed by STAS or for STAS' services as an SMA Manager. However, STAS' selection of its own models or SMA services may provide STAS benefits through cost efficiencies related to the use of standardized products and research. STAS addresses this conflict of interest by disclosing it to its clients, reviewing the performance of its models and SMA services through the IAG Working Group which is part of its Product Working Group in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Non-public Information. In the course of commercial and investment banking or other activities, STB, STAS, the Managers, and each of their respective affiliates and agents may from time to time acquire confidential or material nonpublic information that may prevent them, for a period of time, from purchasing or selling particular securities for client accounts. Client acknowledges and agrees that STAS, the Managers, and each of their respective affiliates and agents will not be free to divulge or to act upon this information with respect to their advisory or brokerage activities, including their activities with regard to any client account. This may adversely impact the investment performance of

client accounts. STAS addresses this conflict of interest by disclosing it to its clients and acting in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Other Investment Products Available. Client understands that STAS and its affiliates and other Managers may offer to the public other investment products such as mutual funds with similar investment styles and holdings as those investment products offered through the AMC Programs. Such products may be offered at differing fees and charges that may be higher or lower than the fees imposed by STAS under an AMC Program. A separate account investment product and a mutual fund investment product may utilize the same investment manager and investment strategy, but involve different minimum investment amounts and fees. A client's portfolio may include a mutual fund investment product even where a similar but lower cost separate account investment product is available, and STAS will not necessarily change to the separate account investment product if a client's assets increase to above the minimum investment amount required for the separate account investment product. STAS addresses this conflict of interest by disclosing this limitation to its investment management services to its clients and acting in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Block Trades. Managers may direct some block trades to STIS for execution; however, they may also execute trades at a different brokerage firm. Clients should read the Managers brochure related to block trading. STIS may obtain a benefit from executing these block trades as a result of the increased trading volume attributable to these blocks. STAS addresses this conflict of interest by disclosing it to its clients and monitoring STIS for best execution practices through its Product Working Group for conformity with STAS fiduciary duties to clients as codified in the Advisers Act, regulations thereunder.

Trade Rotation: The Platform Manager, Envestnet, has a trade rotation policy; however, some managers on the platform may not be able to include STAS accounts in their trade rotation processes. Envestnet does monitor the performance dispersions of these managers. For Advisor managed programs, where the Advisor enters the trades in the firm's trading system, separate from the Envestnet platform, the system enters trades in account number sequence. Please refer to each Manager's Brochure for more information on charges and expenses.

STAS Chief Investment Officer and Other STAS Personnel. The STAS Chief Investment Officer ("CIO") is responsible for and supervises IAG and is also the Chief Investment Officer and member of the board of an affiliated investment adviser, GFO Advisory Services, LLC as well as serving as Chief Investment Officer of SunTrust Banks, Private Wealth Management segment. IAG provides significant investment services to STAS and STB; however, the services provided to GFOAS are substantially different than those provided to either STAS or STB. STAS addresses this conflict of interest by disclosing it to its clients and by simultaneously sharing changes to its research, models and other investment research among all its clients, including AMC Program Accounts, Advisor Managed Program Account and STB in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

In relationship to services provided to GFOAS by other STAS IAG personnel, typically investment analysts who prepare reports for the GFOAS Oversight Committee ("Committee") and serve as voting members of the Committee related to manager sourcing, due diligence, research of third-party managers and other assignments as needed for the GFOAS private funds.

Additionally, certain senior management personnel of STAS serve in senior management and/or board membership of GFOAS and/or STIS.

## **ADVISORY SERVICES**

### **AMC Fund Select Advisor**

Investments in these Programs are limited to mutual fund shares and ETF shares. In administering these Programs, STAS utilizes various mutual fund and ETF asset allocation models which reflect differing risk profiles.

#### **AMC Fund Select Tactical Focus**

Investments in these Programs are limited to mutual fund shares and ETF shares. In administering these Programs, STAS utilizes various mutual fund and ETF asset allocation models which reflect differing risk profiles.

#### **AMC Fund Select Tactical**

Investments in these Programs are limited to mutual fund shares and ETF shares. In administering these Programs, STAS utilizes various mutual fund and ETF asset allocation models which reflect differing risk profiles.

#### **Provider Models**

In addition to STAS' Investment Advisory Group which provides asset allocation models, STAS has agreements with third-party non-affiliated model providers. Third party model providers do not receive information regarding client identity, circumstances, financial condition, portfolio holdings, tax situation, regulatory status or financial needs or goals. Except for the provision of the relevant investment model(s), Providers are not responsible for determining the appropriateness or suitability of investment model(s), or of any of the securities included from time to time in the investment model(s) for any client specifically. The STAS Advisor is responsible for the provision of advice.

When a Third party model provider makes model portfolio changes, the provider may notify STAS, or the Platform Manager as its designee, after the provider has effected changes in its own client accounts and other investment managers which purchase the Third party model provider's services. Once STAS, or its designee, is notified of the model portfolio changes, STAS or its designee will, in its discretion, cause corresponding changes to client portfolios. STAS reserves the right to not accept a particular Third party model provider recommendation. For example, if a security is subject to a client's account restrictions, STAS, or its designee, will not purchase that security for the affected client's account.

As a result of the timing of model change notifications and STAS', or its designee's, processes, Third party model providers may affect trades on behalf of their clients' accounts or inform other firms purchasing the model portfolios before STAS, or its designee, places corresponding trades in AMC Program Client' accounts. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades executed by the providers, clients may be at a disadvantage when compared to p Third party model provider's clients or other firm's client's with respect to such trades.

When Provider Models are selected, STAS utilizes the Provider Model's security selections and does not apply its IAG research or Researched to Purchase/Retain or Sells Lists. Therefore, models could contain securities that are neither researched nor on any of the lists maintained by STAS IAG.

#### **Client Restrictions**

Clients may place reasonable restrictions on the investments in their Program account. If a restriction request is overly broad so as to make it impossible to manage an account according to the investment strategy of the account, STAS' Advisor will work with the client to determine a potential alternative.

#### **AMC Pinnacle**

STAS and Envestnet are Co-Sponsors of the Program. STAS or its Advisors act as investment manager for each of the Program Sleeves. Envestnet in its sole discretion may determine whether to accept or reject a Client or Account's

participation in the Program. The third party Managers selected by the Client in the SMA sleeve have sole discretion for the assets assigned to them for management.

#### Provider Models

In addition to STAS' Investment Advisory Group who provides models, STAS has agreements with third-party non-affiliated model providers. These providers do not receive information regarding client identity, circumstances, financial condition, portfolio holdings, tax situation, regulatory status or financial needs or goals. Except for the provision of the relevant investment model(s), a provider has no obligation for the provision of advice specifically to STAS clients. Providers are not responsible for determining the appropriateness or suitability of investment model(s), or of any of the securities included from time to time in the investment model(s) for any client specifically. The STAS Advisor is responsible for the provision of advice.

When a provider makes model portfolio changes, the provider may notify STAS, or the Platform Manager as its designee, after the provider has effected changes in its clients' accounts. Once STAS, or its designee, is notified of the model portfolio changes, STAS or its designee will cause corresponding changes to client portfolios. STAS reserves the right to not accept a particular provider recommendation. For example, if a security is subject to a client's restrictions, STAS, or its designee, will not purchase that security for the affected client's account.

As a result of the timing of model change notifications and STAS', or its designee's, processes, providers may affect trades on behalf of their clients' accounts before STAS, or its designee, places corresponding trades in its clients' accounts. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades executed by the providers, clients may be at a disadvantage when compared to provider's clients with respect to such trades.

When Provider Models are selected, STAS utilizes the Provider Model's security selections and does not apply its IAG research or Researched to Purchase/Retain or Sells Lists. Therefore, models could contain securities that are neither researched nor on any of the lists maintained by STAS IAG.

#### Client Restrictions

Clients may place reasonable restrictions on the investments in their Program account. If a restriction request is overly broad so as to make it impossible to manage an account according to the investment strategy of the account, STAS' Advisor will work with the client to determine a potential alternative.

#### **AMC Premier Program**

#### SMA Program

STAS contracts with the Managers in the Program and may terminate or change Managers when necessary. STAS is also a Manager in the Program. Advisors may recommend Managers to clients and manage the client relationship.

#### MSA and Model Program accounts

STAS acts as investment manager with investment decision making responsibilities. STAS Advisors may recommend this Program to clients and manage the client relationship.

#### Manager Models

STAS has agreements with third-party non-affiliated providers for their investment models. These Managers do not receive information regarding client identity, circumstances, financial condition, portfolio holdings, tax situation, regulatory status or financial needs or goals. Except for the provision of the relevant investment model(s), a Manager has no obligation for the provision of advice specifically to a client. Managers are not responsible for determining the

appropriateness or suitability of investment model(s), or of any of the securities included from time to time in the investment model(s) for any client specifically.

When a Manager makes model portfolio changes, the Manager may notify STAS, or its designee, after the Manager has effected changes in its clients' accounts. Once STAS, or its designee, is notified of the model portfolio changes, STAS will cause corresponding changes to client portfolios at its sole discretion. STAS reserves the right to not accept a particular manager recommendation. For example, if a security is subject to a client's restrictions, STAS, or its designee, will not purchase that security for the affected client's account.

As a result of the timing of model change notifications and STAS', or its designee's, processes, Managers may effect trades on behalf of their clients' accounts before STAS, or its designee, effects corresponding trades in its clients' accounts. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades affected by the Managers, clients may be at a disadvantage when compared to Manager's clients with respect to such trades.

Where third-party non-affiliated Manager Models are selected, STAS utilizes the Model Manager's security selections and does not apply its IAG research or Researched to Purchase/Retain or Sells Lists. Therefore, models could contain securities that are neither researched nor on any of the lists maintained by STAS IAG.

#### Client Restrictions.

Clients may put reasonable restrictions on the investments in their Program account. If a restriction request is overly broad so as to make it impossible to manage an account according to the investment strategy of the account, STAS' Advisor will work with the client to determine a potential alternative.

#### **Investnet Sentry Program**

STAS has contracted with Investnet who has contracts with the Investnet Managers in the Investnet Sentry Program and may terminate or change Managers when necessary. Investnet also acts as client's investment advisor and must approve client's participation in the Program. STAS Advisors also act as investment advisors with respect to this program and may recommend Investnet Managers to clients and manage the client relationship.

#### Client Restrictions

Clients may put reasonable restrictions on the investments in their Program account. If a restriction request is overly broad so as to make it impossible to manage an account according to the investment strategy of the account, STAS' Advisor will work with the client to determine a potential alternative.

#### STAS' Portfolio Management

STAS provides portfolio management services for AMC Fund Select Advisor, AMC Fund Select Tactical, AMC Fund Select Tactical Focus, AMC Pinnacle, and the Multi-Strategy and certain model accounts in AMC Premier Programs, at the firm level. The firm receives a portion of the wrap fee for these Programs. Its Advisors, however, do manage client accounts either on a discretionary or non-discretionary basis.

#### Other

STAS does not have any soft-dollar arrangements.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### **AMC Pinnacle, Advisor Managed Discretionary Sleeve**



In providing recommendations and making discretionary investment decisions in connection with the AMC Pinnacle, Advisor Managed Discretionary Sleeve, the STAS Advisor managing this Sleeve of the Program implements specific security selections, subject to guidelines established by STAS Policy Committee concerning asset allocation, economic sectors and position diversification, and fixed income components. The Advisor implements specific security selections based on research obtained by STAS from other sources.

STAS and its Advisors managing client portfolios may utilize research reports, Researched to Purchase, Research to Retain and/or models created by STAS' IAG. A conflict exists when STAS Advisors use the same models that STAS IAG use for managing the STAS AMC program portfolios. See **Conflict of Interest – Models Created by IAG for Management of AMC Program Portfolios and STAS Advisor Usage of the Models for Client Portfolio Management Section and Conflicts of Interest – Research Reports Created by IAG and Used by STAS Advisors and Affiliated Firms** sections above for details.

STAS also uses research provided by Credit Suisse First Boston ("CSFB"), Morningstar, NFS and a variety of other research providers. Some research provided by CSFB or NFS may not be fully disinterested to the extent that it concerns companies with which CSFB or NFS has, or hopes to have, an investment banking or other business relationship and thus has a conflict of interest in evaluating the companies' securities. Such research may also concern securities for which CSFB or NFS is a market maker and thus has a conflict of interest. The exact composition and asset allocation of each client portfolio may differ depending on a variety of factors, including the client's specific investment goals, the client's risk tolerance, and overall economic and market conditions. See **Conflict of Interest –Different Advice** section above below for details.

#### **AMC Pinnacle, Advisor Managed Non- Discretionary Sleeve**

In providing recommendations in connection with the AMC Pinnacle, Advisor Managed Non-Discretionary Sleeve , the STAS Advisor managing this Sleeve of the Program implements specific security selections of assets on the firm's IAG Researched to Purchase List, subject to guidelines established by STAS Policy Committee concerning asset allocation and position diversification. STAS and its Advisors making recommendations to clients related to their portfolios may utilize models created by STAS' IAG. A conflict exists when STAS Advisors recommend the same models that STAS IAG use for managing the STAS AMC program portfolios. See **Conflict of Interest – Models Created by IAG for Management of AMC Program Portfolios and STAS Advisor Usage of the Models for Client Portfolio Management Section and Conflicts of Interest – Research Reports Created by IAG and Used by STAS Advisors and Affiliated Firms** sections above for details.

In addition to the Researched to Purchase List, IAG maintains the following lists:

##### **Researched to Retain List**

Assets that may be held in an account; however Advisors are prohibited from recommending purchases. Unsolicited purchases by Clients are allowed, within the limits set by the STAS Policy Committee.

##### **Researched to Sell List**

Assets on the Researched to Sell List cannot be recommended by Advisors, Advisors are required to advise Client of the sell recommendation, determine the Client's best interest related to the position and retain documentation should the Client wish to maintain the asset.

#### **AMC Fund Select Advisor**

STAS' IAG maintains various mutual fund and ETF asset allocation models for these Programs and utilizes various research providers related to the market and investment vehicles.

#### **AMC Fund Select Tactical Focus**

STAS' IAG maintains various mutual fund and ETF asset allocation models for these Programs and utilizes various research providers related to the market and investment vehicles.

#### **AMC Fund Select Tactical**

STAS' IAG maintains various mutual fund and ETF asset allocation models for these Programs and utilizes various research providers related to the market and investment vehicles.

In addition, STAS has agreements with third-party non-affiliated providers for their investment models. STAS' IAG utilizes various research providers related to the initial and ongoing due diligence conducted on the Managers in the program.

Exchange-Traded-Funds: Exchange-Traded-Funds values will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Clients should consider the investment objectives, risks and charges of an ETF carefully before investing. Please read the prospectus carefully prior to investing.

Mutual Funds: Mutual Fund values will fluctuate so that an investor's shares, when redeemed may be worth more or less than their original cost. Client should carefully review the fund prospectus and consider the investment objectives, risks and charges and expenses of the investment company carefully before investing.

Money Market Mutual Funds: An investment in the Fund is not insured or guaranteed by the FDIC or any other government agency. Although the Fund seeks to preserve the value of client's investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

#### **AMC Premier**

AMC Premier is a separately managed account program where STAS has contracted with third-party investment managers to manage Client assets. STAS is also a manager available within the AMC Premier Program. STAS' IAG utilizes various research providers related to the initial and ongoing due diligence conducted on the Managers in the program.

**Margin:** Margin trading is not appropriate for all clients and involves material risk. You can lose more funds than you have deposited in the margin account; the firm can force the sale of securities or other assets in your account(s); the firm can sell your securities or other assets without contacting you; you are not entitled to choose which securities or other assets in your account are liquidated or sold to meet a margin call; the firm can increase in-house maintenance requirements at any time; and you are not entitled to an extension of time on margin call. Market conditions can magnify any potential for loss. If the market turns against the investor, he or she will be required to deposit additional securities and/or cash in the account. The interest rates charged are determined by the value of the cash and securities prior to initiating the loan.

With the exception of the Envestnet Sentry Program, STAS' IAG provides the initial and on-going due diligence on the investment managers, managers of Models and the Models used in the Program and makes recommendations to STAS' IAG Working Group related to such due diligence. STAS' IAG Working Group reviews and either approves or rejects the recommendations made by IAG.

For the Envestnet Sentry Program, STAS contracted with Envestnet who conducts due diligence on the Approved Envestnet Managers in the Program.

Investing involves risks, including fluctuating returns and potential loss of principal that clients should be prepared to bear.

There is no guarantee that a client's investment objectives will be achieved.

#### **All AMC Programs**

**Core Account:** Client's Account contains a "**core account**" used for settling transactions and holding credit balances. All cash proceeds from sell transactions and other credit balances will be retained in the core account

Clients may elect the SunTrust Bank Sweep Deposit Option of an STAS affiliate, SunTrust Bank, as a cash sweep investment option in the core account of their brokerage account which is used for settling transactions and holding credit balances. Clients electing this feature will have cash balances in their account automatically swept into an interest-bearing deposit account at SunTrust Bank, a federally insured banking institution. Cash balances held at SunTrust Bank will be eligible for FDIC insurance coverage up to \$250,000 (principal plus accrued interest) per depositor per insurance capacity, in accordance with applicable FDIC rules. All deposits (for example, deposits clients may make at SunTrust Bank outside of the SunTrust Bank Sweep Deposit Option plus the bank sweep cash balance) held by an individual in the same right and legal capacity at the same bank are aggregated and insured up to \$250,000. Special rules apply to FDIC insurance of trust deposits. All FDIC insurance coverage is in accordance with FDIC rules. STAS' recommendation of SunTrust Bank Sweep Deposit Option as a sweep vehicle is a conflict of interest **See CONFLICTS OF INTEREST –SunTrust Bank Sweep Deposit Option** Section above.

Neither STAS nor NFS will monitor the amount of client's SunTrust Bank sweep balances for determining whether the account exceeds the limit of available FDIC insurance. Clients are responsible for monitoring the total amount of their assets on deposit with SunTrust Bank (including accounts at SunTrust Bank held in the same right and legal capacity) in order to determine the extent of deposit insurance coverage available to them on those deposits, including their SunTrust Bank sweep balance held at SunTrust Bank. Clients who are trustees are responsible for determining the application of FDIC insurance for themselves and their beneficiaries.

Clients who select the SunTrust Bank Sweep Deposit Option will receive a separate disclosure document from STIS that highlights the features and benefits of the sweep program and discloses benefits to SunTrust Bank, STIS and STAS arising in connection with such deposits. The terms of these disclosures are incorporated herein by reference. Funds in the SunTrust Bank Sweep Deposit Option are part of the advisory Program and as such are subject to the applicable Fee.

SunTrust Investment Services, Inc., an affiliated broker-dealer of STAS receives compensation from SunTrust Bank related to the SunTrust Bank Sweep Deposit Option. The total compensation received from STB is paid to National Financial Services, LLC, the clearing and execution firm utilized by STIS.

**Dollar Cost Averaging:** Regular investing does not assure a profit or protect against a loss in declining markets. Dollar Cost Averaging involves continuous investments in securities regardless of fluctuating price levels.

**Tax Lot Disposal Method:** Any Account not set with the Tax-Sensitive disposal method will be updated to it. When Program Assets in an Account are partially (but not fully) sold, an estimated tax liability will be used to determine the shares to be depleted first. Clients should discuss the impact of this change with the Client's tax advisor.

**Systematic Withdrawal Plans:** The source of funding for periodic distributions in Accounts that have a systematic withdrawal plan ("SWP") in place is the Account's core money market position. If there are insufficient funds available in the core money market account to cover the distribution, the Investment Manager will review the Account and determine which securities to sell to cover the difference.

## **VOTING CLIENT SECURITIES**

**AMC Premier SMA Program and Investnet Sentry Program Accounts:** STAS has no authority or obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities in which assets may be invested from time to time. Manager or client expressly retains the authority and responsibility for the voting of such proxies. The Manager generally will receive all shareholder communications, including proxy statements and proxies, distributed by the issuers of securities held in client accounts without forwarding the same to clients. Clients should review the Manager's Brochure for specifics regarding the Manager's voting policies.

**AMC Premier– Fidelity Charitable Accounts:** STAS has no authority or obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities in which assets may be invested from time to time. Fidelity Charitable retains the right to vote proxies.

**Separate Account Manager Services, AMC Fund Select Advisor, AMC Fund Select Tactical, AMC Fund Select Tactical Focus, AMC Pinnacle and AMC Premier MSA Programs:** With respect to each of these Programs STAS will vote proxies. STAS' Proxy Working Group includes members from the firm's Policy Committee and is responsible for establishing policies and procedures designed to enable STAS to ethically and effectively fulfill its fiduciary obligation to vote all applicable proxies on behalf of the client accounts and funds.

Annually (or more often as needed), the Proxy Working Group will review, reaffirm and/or amend guidelines, strategies and proxy policies for all client accounts.

Although STAS does its best to alleviate or diffuse known conflicts, there is no guarantee that all situations have been or will be mitigated through proxy policy implementation. STAS relies on SunTrust Bank's annual reviews of Glass Lewis' size, experience and technical capabilities. STAS contracts with Glass Lewis & Co. as its agent to provide policy recommendations, vote firm proxies, assist us with certain administrative, clerical, functional recordkeeping and support services related to the firm's proxy voting processes/procedures, which include, but are not limited to:

1. Access to proxy research,
2. Custom policy recommendations,
3. The collection and coordination of proxy material from the custodian for each STAS client's account(s),
4. Proxy voting, reconciliation, and disclosure for each of STAS client's account(s), in accordance with STAS' proxy policies and the Proxy Committee's direction,
5. Required record keeping and voting record retention of all STAS proxy voting on behalf STAS' clients.

Due to its diversified client base, numerous product lines, and affiliation with SunTrust Banks, Inc., and its subsidiaries, the Proxy Working Group may determine a potential conflict exists in connection with a proxy vote based on the SEC guidelines. In such instances, the Committee will review the potential conflict to determine if it is material.

Examples of material conflicts of interest which may arise could include those where the shares to be voted involve:

1. Common stock of SunTrust Banks, Inc., and/or other public corporate issuers with which either STAS or SunTrust Banks, Inc. or its affiliates, may have a similar significant ongoing non-investment management associated relationship.
2. An issuer with a director, officer or employee who presently serves as an independent director on the board SunTrust Banks, Inc. or any of its affiliates.
3. An issuer having substantial and numerous banking, investment, or other financial relationships with STAS, SunTrust Banks, Inc. or its affiliates.
4. A director or senior officer of STAS or SunTrust Banks, Inc. serving on the board of a publicly held company.

5. A direct common stock ownership position of five percent (5%) or greater held individually by STAS, or in conjunction with STAS and SunTrust Banks, Inc. and/or its affiliates.

Although STAS utilizes a pre-determined proxy voting policy, occasions may arise in which a conflict of interest could be deemed to be material. In this case, the Proxy Committee will determine the most fair and reasonable procedure to be followed in order to properly address all conflict concerns. The Proxy Working Group may employ one or more of the options listed below:

1. Retain an independent fiduciary to vote the shares.
2. Send the proxy material to the client so he or she may vote the proxies.

To obtain a copy of the complete proxy voting policies and procedures, or information about how STAS voted your proxies, please contact: SunTrust Advisory Services, Inc. Attn: Mr. Will ORIelly, 303 Peachtree Center Avenue, SunTrust Garden Offices, Suite 140, Atlanta, GA 30303, or via e-mail at: [Will.Orielly@suntrust.com](mailto:Will.Orielly@suntrust.com).

#### **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

**AMC Fund Select Advisor, AMC Fund Select Tactical, AMC Fund Select Tactical Focus, AMC Pinnacle, AMC Premier Model, AMC Premier MSA Model**

Once the new account documentation is approved, STAS submits the documentation, including the client profile that identifies the client's goals, risk tolerance, time horizon, financial situation and other factors to the Platform Manager for inclusion in the Program.

#### **AMC Pinnacle, AMC Premier SMA Program Accounts and Envestnet Sentry Accounts**

Once new account documentation is approved, STAS submits the documentation, including the client profile that identifies the client's goals, risk tolerance, time horizon, financial situation, selected Manager(s) and other factors to the Platform Manager for inclusion in the Service.

Managers are sent information on the client's financial circumstances, investment goals and objectives and any special instructions the client may wish to give the Manager regarding the account.

Updates or changes to client information, including financial information, objectives, risk tolerance, among other items are communicated to the administrator for system updates.

IAG Associates managing assets of STB clients are given access to STB systems to access client data such as goals, risk tolerance, time horizon and financial situation, including any client investment policy statements.

#### **ANNUAL CONTACT**

STAS will mail clients information related to the management of their account(s) annually and notify clients that if any information needs updating to contact their STAS Advisor. If no changes are needed, no action is needed on the client's part.

STAS also periodically offers clients the opportunity to notify their representative of any changes to their financial and tax situation, risk tolerance or financial goals. The client, however, remains responsible for notifying STAS of any material change in his or her investment profile. Updated information is submitted to the Platform Manager for maintenance of client data.

STB is responsible for client annual contacts related to IAG managed STB client accounts.

## **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

### **Separate Account Manager Services**

STAS' IAG associates may interact with STB clients; however, primary contact is through their STB representative.

### **AMC Fund Select Advisor, AMC Fund Select Tactical, AMC Fund Select Tactical Focus, AMC Pinnacle and AMC Premier MSA and Model Accounts**

AMC Fund Select Tactical clients may interact directly with STAS; however, primary contact is through their STAS Advisor.

### **AMC Premier SMA and Investnet Sentry Program Accounts**

AMC Premier clients do not generally interact directly with Manager personnel, but may do so through STAS.

## **ADDITIONAL INFORMATION**

### **DISCIPLINARY INFORMATION**

On December 31, 2016 SunTrust Investment Services, Inc. (STIS), an affiliate of STAS, assigned substantially all of its existing investment advisory contracts to STAS. On September 14, 2017, the U.S. Securities and Exchange Commission, (SEC) issued an administrative order against STIS instituting administrative and cease-and-desist proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(k) of the Investment Advisers Act (IAA), making findings, and imposing remedial sanctions and a cease-and-desist order (the "OIP"). According to the SEC, STIS did not adequately inform its advisory clients of the conflicts of interest presented by its representatives' share class selections and the receipt by STIS and its representatives of 12b-1 fees over the period 2011 to 2015. The SEC found that during this period, STIS and its representatives received \$1,148,071.77 in avoidable 12b-1 fees paid by the funds in which the advisory clients were invested. Without admitting or denying the SEC's findings, STIS consented to the entry of the OIP that censured STIS and found that STIS willfully violated and agreed to cease and desist from committing or causing any future violations of Sections 206(2), 206(4), and 207 of the IAA and Rule 206(4)-7 promulgated thereunder. The OIP imposed a civil monetary penalty of \$1,148,071.77 upon STIS and required STIS to refund to current and former clients fees of \$1,148,071.77 together with interest of \$150,238.74.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

SunTrust Investment Services, Inc. (STIS) is registered as a broker-dealer under the Securities Exchange Act of 1934. The principal business of STIS is that of a registered securities broker-dealer and certain STAS associates are dually registered as registered representatives of the broker-dealer. The management personnel are all securities registered primarily for oversight of the securities business. Generally, management personnel are not actively selling investment products.

STIS is also an insurance agency and certain STAS associates are also insurance licensed and appointed through the insurance agency. There are members of management who are insurance licensed and appointed through STIS primarily for oversight of insurance business. Like brokerage, management personnel are generally not actively selling insurance products.

STAS has the following agreements with STIS:

**Dual Representative Agreement:** Under this agreement, certain STAS Advisors are dually registered with STIS and offer brokerage and insurance products and services to STIS clients as well as offering STAS advisory programs and services.

**Research and Other Services Agreement:** Under the agreement, STAS IAG generates reports of due diligence conducted on investment vehicles, creates or negotiates third party advertising, marketing and research materials, design, monitor and update as needed on a continuous basis, capital market assumptions strategic, tactical, and neutral allocations, watch list and ad-hoc manager and performance updates and consultative services.

**Services Agreement:** Under the agreement STIS provides STAS such items as best execution reporting, maintenance of STAS' books and records and AML processes related to clients of the AMC Program. STAS, under the agreement, provides payment of clearing and execution costs related to advisory account trades.

SunTrust Bank is state chartered bank and trust company authorized under the law of Georgia to provided banking and trust services. Certain SunTrust bank employees are registered with STAS as investment adviser representatives and offer the Programs described in this brochure to their clients.

STAS has the following agreements with SunTrust Bank ("STB"):

**Dual Representative Agreement:** Under this agreement, certain STAS Advisors, Investment Strategists, are employed by SunTrust Bank and offer SunTrust Bank deposit and investment products and services to SunTrust Bank clients as well as offering STAS advisory programs and services to SunTrust Bank Clients. This Agreement relates to each organization's supervisory responsibilities and requires that each organization clearly identify the products and services which they separately provide to clients.

**Administration and Operational Services Agreement:** Such items as business insurance, facilities management allocation, audit/internal control and human resources allocations, among other items are provided to STAS by SunTrust Bank and allocated by inter-company agreements.

**Solicitation Agreement:** Under the agreement, STAS may refer clients to SunTrust Bank for investment advisory or asset management services and receives compensation for such solicitations.

**Non-Deposit Retail Sales (Networking) Agreement:** Under the agreement, unregistered SunTrust Bank employees may refer qualified bank clients to STAS Advisors for a one-time nominal fee of a fixed dollar amount that is not contingent on whether the qualified Client referral results in any advisory activity or the establishment of an investment advisory relationship. STAS reimburses SunTrust Bank for all referral fees on a quarterly basis.

**Model Manager Agreement:** Under the agreement, STAS' IAG constructs and maintains on a continuous basis one or more model portfolios meeting the investment objectives outlined by STB for use in connection with its investment management and trust accounts.

**Investment Sub-Adviser Agreement:** Under the agreement, STAS' IAG manages STB client portfolio assets on the STB investment management and trust platform.

**Research and Other Services Agreement:** Under the agreement, STAS IAG generates reports of due diligence conducted on investment vehicles, creates or negotiates third party advertising, marketing and research

materials, design, monitor and update as needed on a continuous basis, capital market assumptions strategic, tactical, and neutral allocations, watch list and ad-hoc manager and performance updates and consultative services.

STAS has the following agreements with GFO Advisory Services, LLC ("GFO"), an affiliate of STAS:

**Services Agreement:** Certain STAS personnel are also associated with GFO. STAS has entered into shared services agreement with GFO which provides that certain services and costs associated with the use of STAS personnel and services to GFO business functions shall be allocated to and charged to GFO pursuant to inter-company agreement which provides for each entity to share in the costs associated with those employees and the services they provide.

## **USE OF SOLICITORS**

STAS does not have any arrangements with third party solicitors.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

STAS has adopted a Code of Ethics ("Code") for its advisory business which is intended to reinforce the fiduciary principles that govern the conduct of the firm and our personnel. This Code sets the standards of conduct expected of our advisory personnel, safeguards to material nonpublic information about client accounts and transactions and requires certain personnel to report their personal securities transactions. A copy of the STAS Code is available upon request from any STAS Advisor.

### **Participation in Client Transactions**

STAS and our investment personnel may recommend securities in which we or our investment personnel or employees have a financial interest or control relationship directly or indirectly, and we or our investment personnel may buy and sell securities that we or they recommend to advisory clients for purchase and sale. They may also give advice and take action in the performance of their duties to clients that differs from advice given, or the timing and nature of action taken, with respect to other clients' accounts.

### **Personal Trading**

Personal securities transactions by STAS employees or transactions for the firm's affiliates may raise conflicts of interest when a security is traded that is 1) owned by client or 2) considered for purchase or sale for client. STAS has, as part of its internal compliance program, adopted policies and procedures which impose certain rules and restrictions as to transactions for the firm's account and for the accounts of employees and affiliates. Such policies and procedures are designed to prevent improper or unethical conduct whenever a conflict of interest may arise. Personal trading by our employees must be conducted in compliance with all applicable laws and procedures.

STAS performs for other clients services similar to those that are provided to the Program clients, as well as other types of investment related services. STAS may take actions and give advice that may differ from the advice given, or in the timing and nature of the action taken, with respect to the account of any Program client. Neither STAS nor anyone associated with STAS has any obligation to make or refrain from making to any Program client recommendations, purchases, sales, or transfers of any investment that may be purchased or sold for any other client or for the benefit of anyone associated with them. Transactions in any specific investment may be executed at different times and prices for different clients. STAS may utilize different schedules as they relate to fees for the Programs; therefore, the costs of obtaining services similar to a Program may be more or less than those charged to other clients of STAS.



#### Political Contributions

SunTrust Bank, its affiliates and their employees may make political and charitable contributions to various persons and organizations, subject to the limits within the firm's political contribution policy. The ensuing goodwill may result in added business to STAS.

#### **REVIEW OF ACCOUNTS**

##### Separate Account Manager Services

The Principal Managers of IAG associates are responsible for reviewing on a regular basis the activities IAG associates related to services provided.

The STAS Product Working Group and the STAS Policy Committee approve or reject new or modified models across the SunTrust enterprise and services provided by IAG to affiliates.

##### AMC Program Accounts

Supervisory reviews are conducted by the firm's Central Supervision Group ("CSG"), which consists of a CSG Team Lead and Group Supervisory Specialists ("GSS").

The CSG Team Lead and their GSS Team are responsible for reviewing AMC Program account opening documentation, trading within each account and the annual investment reviews of AMC Allocation Plus and AMC Advise program accounts, among other items for their designated areas. The firm utilizes a surveillance program that the GSS' use to monitor the trading in Program accounts via alerts and filters on a regular basis.

##### AMC Program Accounts

Clients receive written confirmations from NFS when a trade is executed in their account and may elect to receive such confirmations electronically; however, clients will have the option of waiving receipt of separate transactional confirmations in exchange for a quarterly compilation of all transactions. Clients only receive monthly written statements from NFS if there has been activity in their account otherwise the client receives a quarterly brokerage statement and may elect to receive such statements electronically. Such statements reflect the activity in the account during the specific time period.

Investnet will prepare Quarterly Reports ("Reports") which compares the client's account to leading securities market indices. Investnet may rely on information provided by third parties, such as recognized independent quotation and valuation services. STAS believes that this information is reliable; however, STAS will not independently verify the accuracy of the information provided by these services. A copy of the report is available electronically via Welathscape Investor. Client can contact their STAS Advisor for assistance in setting up their electronic delivery or to request paper reports be mailed to them. Reports will be available to the client following the end of each calendar quarter during which the account is open. Clients will not be charged a fee in addition to the Advisory Fee if they choose to receive Performance Reports. Clients should compare their performance report information to their monthly or quarterly account statements from NFS and should report any discrepancies to their STAS Advisor.

#### **PAYMENT FOR CLIENT REFERRALS**

Unregistered SunTrust Bank employees may be paid a nominal referral fee for making general referrals of customers to STAS. **See Other Financial Industry Activities and Affiliations, SunTrust Bank Non-Deposit Retail Sales (Networking) Agreement**, above for details.

## **CAC Referrals**

Securities registered STAS Private Financial Advisors (“PFAs”) may refer clients to the CAC and receive a \$100 referral fee from SunTrust Investment Services, Inc. (“STIS”), the broker-dealer affiliate of STAS which provides account trading and administration services to the STAS Programs. Qualified referrals are based upon the opening of a new account with a portfolio within the CAC between \$50,000 and \$100,000 of investible assets.

## **Referrals of Client Advisors and Premier Bankers**

SunTrust Bank (“STB”) and STAS Client Advisors (“CAs”) and Premier Bankers (“PBs”) work together in teams that include STAS advisors to help determine potential solutions for each client’s financial goals. Information gathered and reports created are shared among the team members from both entities. Some bank advisors may also be registered investment adviser representatives of STAS. These bank advisors may refer clients to STAS and may be part of the overall client team.

Those CAs and PBs who are not registered with STAS are prohibited from referring clients to STAS.

STAS Registered CAs and PBs are indirectly compensated for client referrals to STAS by STB. Such compensation is based on the asset under management amount (“AUM”) of clients referred to STAS. When the totality of referred client’s AUM reaches certain levels specified in their applicable Financial Incentive Program, a CA’s or PB’s salary may be adjusted and paid by STB. The receipt of incentive compensation in connection with recommendations to invest in the AMC Programs creates a conflict of interest for the CAs and PBs and the Firm. **See Conflicts of Interest - Financial Incentive Programs** section above.

## **SunTrust Private Wealth Management RESERVE**

SunTrust Bank has partnered with third party vendors to bring additional services to certain segments of its clients, including STAS clients.

The additional services available to STAS clients include:

- Access to jet-leasing services;
- Access to personal excess liability insurance for litigation protection;
- Access to healthcare advocacy and advisory support.

These are optional services, and have an additional fee to be paid to the third party provider and are not included in STIS Advisory Fee. Your STAS Advisory Fee is not affected by these services.

SunTrust Bank conducts initial and ongoing due diligence reviews on all vendors whose services are available to STAS clients related to this program. No compensation is received by SunTrust or any affiliate as a result of these arrangements.

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