

# GLOBALT<sup>®</sup> INVESTMENTS

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This Brochure provides information about the qualifications and business practices of GLOBALT Investments, (“GLOBALT”), a separately identifiable division of Synovus Trust Company N.A. If you have any questions about the contents of this Brochure, please contact Annette M. Marshall, Chief Compliance Officer at 678-802-4433 or by email at [amarshall@globalt.com](mailto:amarshall@globalt.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

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

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

## Item 2 – Material Changes

This Brochure dated March 31, 2022, is a revised document prepared according to the SEC's requirements and rules. This Item will discuss only specific material changes that are made to the Brochure since the last update on November 26, 2021 and will provide clients with a summary of such changes.

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

We have not had any material changes to our advisory offerings or business since the last update, however this brochure reflects updated Assets Under Management and Advisement.

We will further provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge. Copies of this Brochure may be requested by contacting Annette M. Marshall, Chief Compliance Officer at 678-802-4433 or [amarshall@globalt.com](mailto:amarshall@globalt.com). It is also available free of charge via our website [www.globalt.com](http://www.globalt.com).

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## Item 4 – Advisory Business

GLOBALT Investments (“GLOBALT” or the “Firm”) was founded in 1990 and is an SEC Registered Investment Adviser since 1991. GLOBALT is a Registered Investment Adviser through a separately identifiable division of Synovus Trust Company N.A., a nationally chartered trust company. Synovus Trust Company is a wholly-owned subsidiary of Synovus Bank, which is a wholly owned subsidiary of Synovus Financial Corp. Effective July 10, 2013, GLOBALT and all of its personnel consolidated with Synovus Trust Company (its affiliate since 2002), as a separately identifiable division. This division continues to operate under the “GLOBALT” name.

GLOBALT offers investment advisory services to individuals, high net worth individuals, corporations and institutions, banks and trust companies, pension and profit sharing plans, estates and trusts, charitable organizations, and other investment advisers. Clients select (or GLOBALT recommends) a particular investment strategy. The investment advisory services are offered in the following manner:

- Separately Managed Accounts
- Wrap Fee Programs
- Model Portfolio Provider Platform

Discretionary accounts are managed in accordance with the selected strategy, subject to any specific and reasonable guidelines and restrictions imposed by the client, subject to GLOBALT’s acceptance of those restrictions. Client imposed restrictions may have an impact, perhaps materially so, on account performance. Additionally, GLOBALT participates as a portfolio manager in wrap-fee programs and also provides model portfolio recommendations to banks, broker dealers, investment advisers, or other financial services companies, who, in turn, offer the model portfolio to their respective clients. Certain strategies that we manage are offered under different names through different firms, but the underlying strategies are the same, within restrictions. Not all firms that hire us as a portfolio manager or model provider offer all of the strategies described.

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

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

### Business Continuity

GLOBALT has developed and implemented a business continuity and resiliency plan for the recovery of essential business functions and systems, in the event of a business disruption.

### Separately Managed Accounts (“SMA”)

GLOBALT provides discretionary investment advisory services to separately managed account clients directly or through third party financial intermediary agreements, including accounts on behalf of affiliated and non-affiliated broker dealers, banks, investment advisers and other financial

intermediaries (collectively, “other advisers”). When clients engage GLOBALT’s services, they enter into a written Investment Management Agreement with GLOBALT; the Agreement outlines the nature of GLOBALT’s duties, provides required disclosures and the applicable fees. Clients who select GLOBALT to manage their SMA assets will typically do so under either a “single contract” or “dual contract” agreement. Under a dual contract agreement, the client typically has one contract with GLOBALT for investment advisory services and a separate and distinct agreement with another advisor or party for their services, apart from GLOBALT.

Clients select investment strategies offered by GLOBALT, after consultation with GLOBALT or the client’s primary adviser in the other adviser relationship(s). It is generally the client’s responsibility or that of the associated other adviser to periodically provide updated information regarding changes in the client’s financial and investment needs, risk tolerance, time horizon, goals and objectives, and as appropriate, provides or recommends changes to the investment strategy to GLOBALT. Investment strategy changes must be provided in writing to GLOBALT. GLOBALT’s role is to manage the client’s account in accordance with the investment strategy selected, subject to any reasonable and accepted restrictions imposed by the client.

The client may also appoint or direct a custodial broker dealer to maintain custody of client’s account assets and to execute securities transactions. Typically, the broker dealer custodian is the broker dealer available to the client through the other adviser’s investment advisory platform or financial intermediary. GLOBALT will receive a separate investment management fee, or a portion of the program fee, for providing these investment management services. In some SMA accounts, clients pay a single fee to the other adviser, who covers some or all of the following services: portfolio management, custody, administration, commissions and other costs incurred for trades executed.

#### Wrap Fee Programs

GLOBALT provides its investment strategies on a discretionary basis to accounts under wrap fee programs sponsored by other firms, including affiliated firms. With respect to wrap fee programs, the program sponsors recommend and assist clients in selecting the appropriate investment strategy, including GLOBALT, that take into account the client’s financial situation, experience, and investment objectives. GLOBALT relies on program sponsors and their financial advisors to fulfill certain responsibilities with regard to program clients. Generally, program sponsors assume tasks such as: (1) client identification; (2) delivery of GLOBALT’s Brochure; (3) delivery of GLOBALT’s privacy notice; and, (4) ensuring GLOBALT’s products and services are suitable to the client’s investment objectives. GLOBALT’s role is to manage the client’s account according to the investment strategy selected by the client. Clients are permitted to impose reasonable investment restrictions, but these restrictions may impact performance of their accounts. In these wrap fee programs, clients generally pay a single “wrap” fee to the program sponsor, who covers some or all of the following services: portfolio management, custody, administration, commissions and other costs incurred for trades executed by the sponsor. GLOBALT receives a portion, generally .10% to .45% of this wrap fee. Subject to its duty to seek best execution for client transactions, GLOBALT will generally execute trades through the sponsor since the fee paid by the client generally includes the cost of transactions. Wrap fee clients should review the program sponsor’s ADV Part 2A - Appendix 1, Wrap Fee Program Brochure, for program details, minimum portfolio size, conflicts of interest, fees and disclosures.

#### Model Portfolio Provider Platform

GLOBALT has been retained as a Model Portfolio Provider for several model portfolio provider platforms. Under these arrangements, GLOBALT makes available its model portfolios or investment strategies to other investment advisers, broker dealers, banks and other financial intermediaries, through a Unified Managed Account (UMA) platform, model strategist program overlay manager or similar structure (together, the “platform”). As a model portfolio provider, GLOBALT designs, monitors and updates the portfolio. GLOBALT then provides model changes and rebalancing triggers to these

platforms, but generally does not provide investment management services or oversight directly to any client that participates in the platform, nor will GLOBALT have any discretionary authority or responsibility for implementing its recommendations or placing trades on behalf of participating accounts. The platforms determine the applicability, timing and execution of implementation of the model portfolios for their applicable clients. GLOBALT anticipates that the platform will generally follow the model portfolio allocations and directions from GLOBALT. However, the platform has investment discretion to invest and may deviate from the model portfolios or client directions provided. These factors of discretion, security selection, direction or trading timing may result in associated account performance discrepancies from those accounts managed via SMA or wrap fee program, as well as from other platforms.

In these arrangements, GLOBALT generally will not have an advisory agreement directly with the client and assets are classified as under advisement. In exchange for providing services, GLOBALT receives a portion of the fees paid by the clients to the platform. In some cases, GLOBALT may agree to provide investment advisory services or tools, such as an Investment Objective Questionnaire or Risk Tolerance Questionnaire that may assist the participants in identifying the appropriate investment strategy to select, to retirement plan sponsors or third-party providers. The model provider platforms or strategist programs determine the documents, terms and conditions of the programs, which may vary from program to program. For more information about each platform, clients should review the model provider platform's ADV Part 2A - Appendix 1, Program Brochure, for program details, minimum portfolio size, conflicts of interest, fees and disclosures.

### **Types of Investments (Strategies)<sup>1</sup>**

#### **innovatETF Strategies®**

The innovatETF Strategies seek to reduce portfolio volatility and minimize downside risk when possible, while delivering competitive risk-adjusted returns over a full market cycle. The strategies start with a long-term strategic neutral allocation to five asset classes (U.S. Equities, Non-U.S. Equities, Fixed Income, Real Estate, Alternative Investments, and Cash) based on long-term (strategic) risk tolerance and return requirements that can be over or under weighted on a shorter-term (tactical, dynamic) basis. The investment process for making asset allocation and security selection decisions includes a proprietary quantitative model, as well as qualitative analysis evaluated by an experienced team of portfolio managers. There are seven strategies segmented by strategic risk/return objectives -- Defensive, Conservative, Balanced, Growth, and High Growth. Exchange Traded Funds (ETFs) are the securities that are used to express the asset allocations underlying positions.

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

There is a \$100,000 target minimum portfolio size required for these services, which may be negotiable under certain circumstances.

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<sup>1</sup> The number of accounts within each GLOBALT strategy varies, including some with a limited number of investor accounts.

### Income Growth

This portfolio may be suitable for the investor looking for current income and income growth, with a secondary consideration of capital appreciation. This strategy seeks to provide above market income stream and temper volatility by exposure to dividend paying securities through investments, primarily in domestic and international Equity and Fixed Income ETF's, REITs and some alternatives.

### Defensive

This portfolio with a fixed income bias, may be appropriate for investors with a cautious risk tolerance and/or shorter investment time horizon. The focus of the strategy, primarily utilizing ETFs, is to mitigate overall volatility and provide downside protection, while producing total investment returns consistent with a more conservative portfolio over a market cycle<sup>2</sup>.

### Conservative

This portfolio may be suitable for the cautious investor, one with a lower risk tolerance and/or shorter investment time horizon. The portfolio combines modest potential for capital appreciation with potential for downside protection by investing in a diversified portfolio, generally with a fixed income bias.

### Balanced

This portfolio may be suitable for the investor who wants to achieve steady growth, while limiting fluctuation to less than that of the overall stock market. The portfolio combines investments primarily in equity and fixed income ETF's to provide investors with balanced and varied exposure to the stock and bond markets. This portfolio may be appropriate for investors who primarily seek long-term capital appreciation with a more moderate risk profile.

### Growth

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

### Environmental Social and Governance Growth (ESGG)

This portfolio seeks long term capital appreciation and may be suitable for an investor with a relatively high-risk tolerance and a long-time horizon. This strategy is managed by the same investment process as the innovaETF Growth Strategy, with the exception of the security selection component. ETF's selected in this strategy have the ESG criteria integrated into their investment methodology, whereas the innovaETF Growth Strategy does not retain that requirement. Certain market segments do not allow for ESG criteria but are included in the portfolio. Selections are based on various factors which may include similarities to the Non-ESG innovaETF Growth Strategy, alternatives, market capitalization, trading liquidity, and expenses.

### High Growth

This portfolio may be suitable for investors who have both a higher tolerance for risk and a long-term investment time horizon. The main objective of this portfolio is to construct a high growth portfolio. Investors should be able to tolerate substantial fluctuations in portfolio value from year to year. The portfolio seeks long term capital appreciation through investments primarily in domestic and international ETF's.

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<sup>2</sup> GLOBALT defines a market cycle as the period between the two latest highs/lows of a common benchmark, highlighting a fund's performance through both, an up and down market.



### Fixed Income (ETF)

This fixed income portfolio may be appropriate for investors with an income investment objective. The focus of the strategy, utilizing ETF's is to provide a diverse fixed income allocation with similar investments and objectives comparable to the Barclays Capital Government/Credit Bond Index.

### International Equity

This portfolio may be appropriate for the investor with a higher risk tolerance and long investment time horizon. The portfolio is a diversified multi-country portfolio with exposure to both developed and emerging markets through investments primarily in international equity ETF's. This strategy is benchmarked to the MSCI World ex-U.S. and the MSCI ACWI ex-U.S. Indices.

### **Directed innovatETF Strategies®<sup>3</sup>**

#### Alpha 2

This focused portfolio is designed for the more speculative investor, one with a high-risk tolerance and long investment time horizon. The portfolio, with similar investments and objectives that are benchmarked to the Russell 3000 Index, invests in the top two ranked U.S. equity classes in a more dynamic allocation.

#### Alpha 5

This focused portfolio is designed for the more speculative investor, one with a high-risk tolerance and long investment time horizon. The portfolio, with similar investments and objectives that are benchmarked to the Russell 3000 Index, invests in the top five ranked U.S. equity classes in a more dynamic allocation.

GLOBALT offers equity, fixed income and asset allocation strategies, generally utilizing equities, fixed income securities and exchange traded funds (ETFs). The goal of GLOBALT's investment process is to strive to deliver competitive returns versus the appropriate benchmark. From time-to-time, GLOBALT may provide custom investment advisory services and portfolios to clients. The custom advisory products include, but not limited to, equity, fixed income or ETF portfolios. For ongoing management of each strategy below, the minimum portfolio size is listed. In our sole discretion, we may accept portfolios below these stated minimums. Not all products or services are available to all programs or platforms. Separately Managed Account, wrap fee program, and model provider program platform clients may be subject to different minimum portfolio sizes and fee schedules, as determined and disclosed by the program sponsor or platform.

### **Equity Strategies**

#### Large Cap Core

This equity portfolio consists primarily of large cap U.S. equities representing multiple sectors and/or industries and includes securities characteristics of the S&P 500 Index.

Target minimum portfolio size is \$200,000.

#### Large Cap Core Growth

This equity portfolio consists primarily of large cap U.S. growth equities representing multiple sectors and/or industries and includes securities characteristics of the S&P 500 Index and the Russell 1000 Growth Index. The strategy focuses on higher growth and lower income generating investments.

Target minimum portfolio size is \$200,000.

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<sup>3</sup> Not available through WRAP Programs



### Large Cap Opportunistic Growth

This portfolio consists primarily of large cap U.S. growth equities representing multiple sectors and/or industries and includes securities characteristic of the Russell 1000 Growth Index.

Target minimum portfolio size is \$200,000.

### Equity Income

This portfolio consists primarily of large cap U.S. equities representing multiple sectors and/or industries and includes securities characteristics of the S&P High Yield Dividend Aristocrats Index. The Index is “designed to measure the performance of the 60 highest dividend yield S&P Composite constituents, which have followed a managed dividends policy of consistently increasing dividends every year for at least 25 years.” The Strategy has a yield target at least 1.5x that of the S&P 500 Index. The portfolio has a minimum target to invest 90% of holdings in dividend paying securities.

Target minimum portfolio size is \$100,000.

### Environmental, Social & Governance (ESG)

This portfolio integrates ESG considerations characteristics and analysis into our investment decision making process, at both the individual security and holistic portfolio level; while excluding stocks of specific companies involved in certain business models such as alcohol, tobacco, gambling, adult entertainment, and providing abortions as a means of birth control. Portfolios are constructed to have overall ESG characteristics. GLOBALT utilizes a third-party ESG information provider, Sustainalytics for its quantitative ESG metrics and characteristics. The process specifically excludes stocks of all companies that are in Sustainalytics Severe Risk category (Risk Score of 40 and above). The Risk Rating Score is evaluated in the context of its Sector Peer scores and factors of the overall portfolio.

Target minimum portfolio size is \$100,000.

### Small Cap Value

This portfolio consists primarily of small cap U.S. equities representing multiple sectors and/or industries. It also includes securities characteristics of the Russell 2000 Value.

Target minimum portfolio size is \$100,000.

## **Fixed Income Strategies**

### Short Term Fixed Income – Three Months to Three Years

This portfolio is managed and monitored with a weighted average maturity ranging from 3 months to 3 years, consisting of fixed income products to include: certificates of deposit, U.S. government treasury bills and bonds, investment grade corporates, U.S. government agencies, investment grade municipal bonds and fixed income ETF's. Objectives are benchmarked to Barclays Capital 1-3 Year Government/Credit Index.

Target minimum portfolio size is \$1 million.

### Intermediate Term Fixed Income

This portfolio is managed and monitored with a weighted average maturity between 3 and 10 years, consisting of fixed income products to include: certificates of deposit, U.S. government treasury bills and bonds, investment grade corporates, U.S. government agencies and investment grade municipal bonds.

Target minimum portfolio size is \$1 million.

### State Tax-Free Fixed Income

This portfolio provides state tax-free income, invested primarily with state and local municipal bonds, with similar investments and objectives benchmarked to Barclays Capital 10 Year Municipal Bond Index.

Target minimum portfolio size is \$1 million.

*Minimum portfolio sizes may be negotiable under certain circumstances.*

As of December 31, 2021, GLOBALT's assets under management and advisement were as follows:

Discretionary	\$3,030,230,011
Non-Discretionary	\$0
<b><u>Total Assets Under Management</u></b>	<b>\$3,030,230,011</b>
Assets Under Advisement*	\$427,081,572
Total Firm Assets*	\$ 3,457,311,583

*\*Assets under Advisement include assets from affiliated and non-affiliated firms where GLOBALT provides investment advisory services and model-based business but has no trading authority, no discretion to effect trades and no supervisory responsibility over the assets in the program, such as for its model portfolio provider platform services. Therefore, Assets Under Advisement (AUA) is different than Assets Under Management (AUM). Total Firm Assets represents the combined total of both AUM and AUA.*

## **Item 5 – Fees and Compensation**

GLOBALT generally receives a fee from accounts based upon a percentage of assets under management, calculated according to a schedule agreed upon between GLOBALT and the client. The standard fee schedules and minimum account sizes for our strategies described in more detail in Items 4 and 8 are negotiable on a case-by-case basis and as a result, clients with similar assets may have differing fee schedules and pay different fees. You may request that related or household accounts be combined in order to meet fee break points and reduce the advisory fee charged. We reserve the right to discount or waive the advisory fee for certain accounts such as employee accounts, family member accounts, and personal accounts of affiliated persons. Therefore, fee schedules may vary by client, investment type, account size, specific circumstance, sponsor and/or platform. Fixed fees, not dependent upon a percentage of assets under management or account size, may also be indicated via client agreement. Clients who negotiate a flat fee schedule may or may not pay a higher fee than those who pay under a tiered schedule, depending on asset levels. The applicable terms and conditions, as it relates to a particular client, are detailed in the client's investment management agreement or correspondence. Fees are typically calculated quarterly based on the market value of the account and may be payable in advance or in arrears. For some accounts, the fees may be calculated based upon an average daily account balance for the period.

The advisory fee covers only the investment management and advisory services provided by GLOBALT. This fee generally does not include brokerage commissions, transaction fees, mark-ups and mark-downs, odd lot differentials, exchange fees, SEC fees, dealer spreads or other costs associated with the purchase and sale of securities, deferred sales charges, advisory fees charged by other advisors or managers, custodian fees, transfer fees, wire and electronic fund fees, interest, taxes, or other account expenses. All fees paid to GLOBALT for investment management and advisory services are separate and distinct from the fees and expenses, including internal management fees, charged by mutual funds or exchange traded funds (ETFs) in conjunction with their internal expenses. An expense ratio is a measurement of what it costs to operate a mutual fund or ETF. Operating expenses, which include the management fee, are taken out of a fund's assets and lower the return to a fund's investors. These

charges are in addition to GLOBALT's advisory fee and we do not receive any portion of these charges. This is called *layering of fees*. For example, layering of fees for a single ETF position of \$10,000 could include the annual GLOBALT fee of .45%, plus a typical ETF expense of 0.15%. The total cost for the one ETF position annually would be \$60, or .60%. The client will be solely responsible, directly or indirectly, for these additional expenses. Refer to Item 12 for a detailed discussion of brokerage practices. Neither GLOBALT nor any of its supervised persons accept compensation from commissions or mutual fund trails for the purchase or sale of securities, including asset-based sales charges or service fees from the sale of mutual funds or ETFs.

Supervised employees typically receive a salary from GLOBALT, with potential for discretionary compensation based upon several factors that may include overall company profitability (growth in assets, profitability/net income, and client retention), departmental performance and individual goals. Measures and incentive opportunity are determined by GLOBALT management. GLOBALT recognized the potential conflict of interest inherent in compensation associated with assets under management and performance criteria and manages this risk through a management review process. GLOBALT also employs a sales team consisting of external and internal sales directors or wholesalers to support and enhance distribution of GLOBALT's investment strategies through external channels, including SMA, wrap fee programs and model portfolio provider platforms with which we work. These team members receive various forms of compensation, including a percentage of revenue received from new or existing accounts or relationships. Program fees vary by product type creating an incentive for the sales team and/or wholesalers to recommend programs to sponsoring firms based on the compensation received. As a mitigating factor, the sponsoring firm and their other financial advisors perform a suitability review and work with the client to determine whether the client should invest with GLOBALT, and the investment strategy, in which to invest.

Investment Advisers that directly debit advisory fees from a client's custodial account are deemed to have custody. GLOBALT may debit the advisory fees from the client's custodial account at the client's direction and would therefore be deemed to have custody. Clients receive statements directly from their custodian, usually monthly, but no less than quarterly. GLOBALT urges clients to review their statements for accuracy and compare them to any reports received directly from GLOBALT. Please refer to Item 15 of this document for additional disclosures relating to Custody.

An Investment Advisory Agreement may be terminated at any time, by either party, without penalty, for any reason upon receipt of 30 days written notice, unless stated otherwise in the Agreement, and in accordance with the terms and conditions stated therein. Any such termination will not affect party's status, obligations or liabilities. If an account is terminated, the client will receive a refund of any prepaid fees on a prorated basis, determined by the number of calendar days left in the quarter. Any unpaid investment management fees owed by the client will be due upon termination.

GLOBALT's standard fee schedule for separately managed accounts and discretionary investment advisory services, not associated with Wrap Fee Programs (including those of affiliates) or Model Portfolio Provider Platforms are as follows:

Non-Institutional Accounts

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

#### Equity Strategies – Institutional Accounts

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

#### Fixed Income Strategies – Institutional Accounts

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

#### innovatETF Strategies® \*

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

#### U.S. Small Capitalization Value

Up to \$10 million	1.10%
\$10 million to \$25 million	0.90%
\$25 million to \$50 million	0.85%
\$50 million to \$100 million	0.80%
Above \$100 million	0.65%

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

#### **Wrap Fee Programs:**

Wrap fee program sponsors (“wrap fee sponsors”) have contracts with the program client to provide investment manager and/or custodian services. For these services, the client generally pays a single all-inclusive fee, based upon the terms of the agreement, to the wrap fee sponsor. In these programs, the wrap fee sponsor and GLOBALT enter into a sub-advisory or other licensing agreement under which GLOBALT agrees to manage the client’s assets according to the client’s risk profile. The wrap fee sponsor is responsible for paying applicable investment management fee to the appropriate advisory firms, such as GLOBALT. Each wrap fee sponsor provides a brochure detailing all applicable aspects, including program features and fees, to the program clients. Fees and features of each program offered by various sponsors may vary whereby the specific fees and features may be greater than or less than those described above or from different sponsors. The wrap fee sponsor determines and calculates the client fee and expenses, generally based upon a fee based on assets under management (in advance or arrears) or similar formula in accordance with the agreement between the wrap fee sponsor and the client. The wrap fees typically include portfolio management, trade execution, custodial and other services provided by the sponsor or custodian. GLOBALT is generally paid a portion of the fee by the wrap fee sponsor for advisory services, while the wrap fee sponsor retains the remainder of the fee. Fees, depending upon program offered by the wrap fee sponsor, may be negotiable. For its advisory and licensing services, GLOBALT typically receives fees from the wrap fee sponsor ranging from 0.10% to 0.45% per year of the value of participating accounts. For more information, including program details,

disclosures, fees, and minimum portfolio size, about each wrap fee sponsor and program, clients should review the wrap fee sponsor's Form ADV Part 2A - Appendix 1, Wrap Fee Program Brochure.

#### **Model Portfolio Provider Platform:**

Similar to the wrap fee program, model portfolio program platforms ("model platform") have contracts with the client to provide investment manager and/or custodian services. For these services, the client generally pays a single all-inclusive fee, based upon the terms of the agreement, with the model platform. The model platform will then pay the applicable investment management fee to GLOBALT. Fees, depending upon model platform's program, may be negotiable. For its advisory services, GLOBALT typically receives fees from the model platform ranging from 0.10% to 0.45% per year of the value of participating accounts. For more information, including program details, disclosures, fees, and minimum portfolio size, about each model platform and program, clients should review the model platform's Program Brochure.

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

GLOBALT does not charge any clients a performance-based fee (fees based on a share of capital gains or capital appreciation of the assets of a client).

GLOBALT simultaneously offers advisory services, including wrap fee programs and model portfolio provider platform programs, according to the same or similar investment strategy. Such accounts will not necessarily be managed the same at all times due to variety of factors, including differences in cash flows, timing of trading, or variations in platform requirements. As a result, GLOBALT manages multiple portfolios with similar or identical investment objectives or trade in same securities across different strategies, the portfolio decisions relating to these accounts and the resultant performance may differ from portfolio to portfolio.

### **Item 7 – Types of Clients**

GLOBALT offers investment advisory services to individuals, high net worth individuals, corporations and institutions, and trust companies, pension and profit-sharing plans, estates and trusts, charitable organizations, and other investment advisers, including wrap program sponsors.

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

With respect to separately managed accounts, wrap fee programs, or model portfolio provider platform programs, clients should consult the program sponsor or platform for detailed information on the minimums, fees, and restrictions of each program. GLOBALT does not impose investment minimums on model portfolio provider platform programs or UMAs.

GLOBALT provides offerings to investors seeking to roll over balances held in employer-sponsored retirement plans (often referred to as a "rollover"). Individuals with investments in a former employer's retirement plan generally have five options for those assets: (1) Leave the investments in that plan, (2) roll the assets into his/her new employer's plan, (3) rollover the money to an Individual Retirement Account, (4) liquidate the investments and cash out the money, or (5) some combination of the previous four options. Each option presents different considerations - including tax implications and no one solution is right for every investor. When we meet with you about your options we will provide you with a Disclosure of Fiduciary Capacity document that further discloses the requirement for us to act in your best interest, and we also encourage you to talk with your adviser about these options and to consult



with a tax professional regarding the potential impacts each of the options may have to your specific situation. GLOBALT has an economic incentive to recommend a rollover because assets rolled into one of our strategies will generate investment management fees. In discussing and evaluating your options, it is important you know you are under no obligation to rollover assets to us. Information about minimum account size requirements for each Program can be found in Item 4 of this Brochure.

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

GLOBALT primarily offers three investment advisory strategies, Equity, Fixed Income and the innovatETF Strategies® that span multiple investment styles and are designed to serve multiple investor objectives, with active management. Within each of these three major investment strategies, GLOBALT offers various strategy sub categories to focus on different investment objectives, benchmarks and risk attributes. Strategies are managed by the Investment Policy Committee using a team approach. The goal of the investment processes is to deliver competitive returns versus the appropriate benchmarks for each investment strategy over market cycles. GLOBALT's investment evaluation places emphasis on the "weight of the evidence" approach and reliance upon quantitative, technical and fundamental analysis of issuers of equity, debt and managed securities.

- **Quantitative Analysis:** involves market behavior analysis, through the use of complex mathematical and statistical modeling, measurement and research.
- **Technical Analysis:** involves past market data analysis, specifically price and volume, and use of performance charts and patterns that may predict favorable conditions for buying or selling a security.
- **Fundamental Analysis:** involves reviewing financial statements and management teams to gain a better understanding of a company's general financial health and to identify potential competitive advantages, relative to competition, that company may have.

The **Equity** strategies utilize quantitative, fundamental, and technical analysis to identify the most appropriate securities for each investment strategy. For the quantitative analysis, GLOBALT begins with a proprietary database of companies, and scores the companies for historical and prospective growth and value in order to identify attractive companies with scores in the top 40% of the relative universe. Utilizing fundamental analysis, these portfolio candidates are then evaluated for global competitiveness, industry leadership, sector risks (including economic, political, regional risks) and company specific risks (including pricing valuations, product cycles, margins, legal, etc.) to determine potential additions to or deletions from the portfolios. GLOBALT continues with technical analysis to identify those companies with an attractive technical outlook, based upon relative strength by sector, by company and overall price trend analysis.

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

The **innovatETF Strategies®** utilize a proprietary asset allocation approach, developed by GLOBALT with the resources of Ned Davis Research. Our goal is to focus on and develop the appropriate asset allocation strategies and to rebalance as market and economic conditions warrant using a strategic and

tactical approach. Each model strategy is built around a flexible strategic asset allocation with asset ranges or bands for the major asset classes. The strategies invest primarily in exchange-traded funds (ETFs) representing various asset classes, sectors, industries, regions or countries required for each portfolio to meet its investment objective. GLOBALT begins with an assessment of major asset classes and approximately 150 indicators (such as economic conditions, political, market sentiment, government policies and market factors). The strategic approach allocates investments across multiple asset classes, and the tactical evaluation considers country, market, sector, and asset class momentum. The analysis process along with a risk/volatility assessment determines the most attractive relative asset class weightings. When trends and assessment indicate a relatively stable environment, the strategies tend towards higher allocations, within the asset bands, to risk assets (e.g., equities) which generally have a favorable forecast for price appreciation. When the indicators and model indicate more volatility, risk and/or decelerating growth trends, then we will seek to increase defensive allocations to fixed income, cash and inverse equity. Inverse ETFs generally rise when the associated market index is falling (and vice versa) and may be utilized to hedge the portfolios against market declines or to more efficiently position portfolios for opportunities to maintain value during extended periods. There is no certainty that inverse ETFs will work always as expected. It should be understood that hedging techniques such as inverse ETFs may not always be available when desired and may not be effective in minimizing losses.

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

Clients should be aware that there is a material risk of loss (see Appendix A). In each of the strategies listed above, we may utilize inverse ETFs, which potentially carry increased risk. Because inverse ETFs are sophisticated investments and may not be suitable for all clients, and due to restrictions against their use by some custodians, wrap fee programs or model portfolio provider platforms, GLOBALT will construct and manage portfolios that exclude inverse ETFs accordingly. The strategies and models do not incorporate leveraged securities.

All allocations or holdings within GLOBALT's investment strategies are subject to change at any time without notice. Asset allocation does not ensure a profit or protect against a loss.

From time to time, clients may elect to use margin lending or pledge assets held in their advisory accounts as collateral for a loan. **In such instances, clients are exposed to unique risks not otherwise inherent to their advisory accounts and this strategy is not suitable for everyone.** Before a client decides to use margin lending or pledge their advisory assets as collateral for a loan, care must be given to consider the following:

- Changes in market conditions could impact your account at any time and affect the value of the securities in your account to establish and maintain margin or pledged as collateral. Should the value of your assets fall below the amount of your loan or margin maintenance requirement, you may be unable to draw upon your account, pledged securities may need to be sold for less than the original price you paid, and/or other appropriate steps may need to be taken to ensure you can still meet your obligation to your Custodian or GLOBALT.
- If you are required to sell some of the margined or pledged securities, any long-term investment strategies and goals may be impacted. Therefore, it is important you discuss with your advisory representative your investment goals, objectives, risk tolerance, strategies and time horizon concerning any advisory account in which you employ margin or pledge as collateral.



- Should loan repayment terms not be met, the lender may instruct us to sell some or all margined or pledged securities as payment against the loan. In this instance, you are not able to choose which securities are liquidated. You would also be responsible for any shortfall in the loan after such sale. It is essential that you carefully review the provisions outlined in your loan agreement and the corresponding collateral control agreement, as it contains details such as who has trading authority, amongst other important information.
- GLOBALT is not a tax advisor. We encouraged you to discuss with your tax professionals, the implications of using margin or pledging securities as collateral.
- GLOBALT is a separately identifiable division of Synovus Trust N.A., a nationally chartered trust company, which is a subsidiary of Synovus Financial Corp. By establishing an investment advisory account used to collateralize a loan, you will be responsible for paying to GLOBALT any advisory/management fees, and any other fees as outlined in Item 5 of this Brochure, in addition to paying to the Bank any interest, fees, or other agreed upon expenses. GLOBALT advisory representatives and/or the Bank's loan officers may receive incentive compensation relating to loans and advisory accounts used as collateral.
- There is no guarantee that returns of any advisory account will meet or exceed your loan costs. Carefully consider the interest rate and repayment terms of the loan before making a final decision.

We have included in Appendix A of this brochure a list of common risks and their definitions. The list is not meant to be exhaustive of all risks, but rather to help our clients better understand each investment management program involves certain risks.

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

Investing in securities involves risk of loss that clients should be prepared to assume. GLOBALT uses its best judgment and good faith efforts in providing advisory services to clients. GLOBALT cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Since the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty, not every investment decision or recommendation made by GLOBALT will be profitable. GLOBALT primarily manages risk through the quantitative, technical and fundamental analysis on equity, fixed income, and asset allocation strategies. Our Investment Policy Committee is largely responsible for monitoring risk in the strategies, in the portfolios and in the selection of individual securities. Strategies and portfolios are monitored against their applicable benchmarks. GLOBALT is not able to mitigate, project or anticipate all risks that may impact strategies, portfolios, and securities. While it generally recommends diversified portfolios constructed to meet the client's goals and objectives, GLOBALT cannot guarantee any level of performance, nor promise or make assumptions that any strategy or service will provide a better return than other investment strategies or that account assets will not be lost.

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

- *General Investing Risks:* Over time, investments may be volatile, experience sharp declines in value, and may result in losses. Stock markets and bond markets, domestically and internationally, fluctuate substantially over time. GLOBALT does not represent, warrant or imply that the services, strategies, products or methods of analysis used can or will predict future results, successfully identify market tops or bottoms, or insulate against losses from market corrections. General investing risks include but are not limited to economic, market and sociopolitical risks, country risks, business cycle risks, inflation and interest rate risks, liquidity risks, diversification risks, tax risks, legal or regulatory risk, commodity price risk, currency and

foreign exchange risks. The specific risks associated with particular strategies depend upon the approaches used and the extent to which the strategy employs certain portfolio management techniques, including diversification.

- *Active Management Risks:* GLOBALT's subjective investment decisions, supported by the quantitative, technical, and fundamental analysis, may result in a client portfolio incurring losses or missing profit opportunities. Risks associated with active management include model risk, timing risk of purchases or sells, industry and security selection risk, correlation risk and tracking error risk, on a daily or aggregate basis. Other factors which may impact the strategies include fees, trading expenses, regulatory policies, correlation and index composition changes, and turnover rate,
- *Equity Investing Risk:* In addition to the General Investing Risks and Active Management Risks, strategies that are equity focused may be sensitive to security selection, specific events with the issuers or sectors and industries. market capitalization, earnings, liquidity and valuation,
- *Fixed Income Investing Risk:* In addition to the General Investing Risks and Active Management Risks, strategies that are fixed income focused involve a number of material risks including but not limited to yield curve, inflation, credit rating and issuer quality risk, call risk, counterparty risk, availability, diversification risk, reinvestment risk, and valuation risk,
- *Exchange Traded Fund Risk:* In addition to the General Investing Risks and Active Management Risks, ETFs are a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector or sub-asset class indexes. Although ETFs themselves are generally classified as equities, the underlying holdings of ETFs can include a variety of asset classes, including but not limited to equities, bonds, foreign currencies, physical commodities and derivatives. A full disclosure of the specific risks of ETFs is located in the respective prospectus of each fund. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of the trading day, ETFs trade throughout the day on an exchange. ETF prices fluctuate throughout the day and during times of extreme market volatility, ETF pricing may lag versus the actual underlying asset values. ETFs are subject to tracking error risks, concentration, currency, dispersion risk, hedging, trading volume risk, expenses and fee risk, and time horizon risk. Because of these factors, ETFs may not be able to exactly replicate the performance of their associated index. These risks may be magnified in funds with concentrated or non-diversified holdings. Non-leveraged inverse ETFs seek returns that are -1x the return of the benchmark index for a single day, as measured from one NAV calculation to the next. Over time periods greater than a day, their performance can significantly differ in amount and possible direction from that index benchmark. While inverse ETFs can be useful in some situations, as described in Item 8 above, they can be more expensive and can result in losses to investors. In all cases, investment returns will fluctuate and are subject to market volatility.

## Item 9 – Disciplinary Information

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

## Item 10 – Other Financial Industry Activities and Affiliations

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

As a separately identifiable division of STC, GLOBALT is under common control with the following entities that have material business arrangements with GLOBALT. Certain employees, directors and members of GLOBALT’s executive management may also serve as employees, directors and/or executive management of these entities:

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

Creative Financial Group, a division of Synovus Securities, Inc.  
3400 Overton Park Dr. SE, Suite 600  
Atlanta, GA 30339

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

GLOBALT manages accounts and/or provides other investment advisory services, including providing model portfolio program services and general securities advice, for clients of STC.

GLOBALT is a portfolio manager in wrap-fee programs sponsored by Synovus Securities, Inc. (“SSI”). SSI is a full-service brokerage and investment advisory firm headquartered in Columbus, GA with offices across Georgia, Alabama, Florida, South Carolina and Tennessee. SSI is a registered broker dealer and registered investment adviser with the Securities and Exchange Commission, as well as a member of FINRA and registered with various state regulatory agencies. GLOBALT receives a portion of the wrap fee SSI charges to clients. SSI may also receive additional compensation directly from National Financial Services (NFS), the clearing firm used by SSI, on behalf of these accounts. NFS may pay SSI a percentage of the uninvested cash, and/or the balance maintained in a money market sweep vehicle. In addition, SSI offers clients a Bank Sweep Program (whereas program participants may have free credit balances within their brokerage/investment advisory account automatically swept to an interest-bearing bank deposit account at Synovus Bank, a Federal Deposit Insurance Corporation (“FDIC”) member bank that is affiliated with SSI and GLOBALT). GLOBALT does not directly receive any portion of these additional fees. Through the Synovus Bank Sweep Program arrangement, SSI and its affiliates benefit financially. Synovus Bank earns net income from the difference in interest paid to Bank Sweep Program participants for balances held in their core investment accounts and income received from new lending or investment activity derived from the program deposits (referred to as “spread”). As with any depository institution, Synovus Bank’s income increases when the spread between interest paid and income received widens. Synovus Bank has no obligation to base its interest payments to Bank Sweep Program participants on the profitability of the income generated from the spread. In addition, SSI receives from Synovus Bank an annual fee ranging from \$25 to \$50 for each account participating in the Bank Sweep Program. Together, these financial benefits to SSI and its affiliates create a conflict of interest as accounts participating in the program may be more profitable to Synovus than those who do not participate. To

address this conflict, clients may decline participation in the Bank Sweep Program and elect to have free credit balances remain uninvested or elect to purchase a mutual fund to be held as a position in the account. SSI offers alternative choices for core investment vehicles for free credit balances. In addition, SSI excludes eligibility from the Bank Sweep Program any ERISA plan accounts (e.g., 401(k), Pension Plans, Profit Sharing Plans, and Money Purchase Plans, etc.) or foreign domiciled accounts. Lastly, at the time of brokerage account opening, or election into the program, clients seeking participation in the Bank Sweep Program are provided with important disclosure documents and agreements containing further details.

From time to time, clients of GLOBALT may enter into a collateral or pledged securities agreement with Synovus Bank (the “Bank”) or other financial institutions. By establishing or linking an investment account to collateralize a loan, additional fees, including but not limited to transaction fees, advisory/management fees, interest fees or other agreed upon expenses, payable to the Bank, SSI or the other institution may be incurred. As the Bank is an affiliated entity, this additional fee and compensation represents a potential conflict of interest, as Synovus Bank indirectly owns GLOBALT.

GLOBALT provides portfolio signals to Creative Financial Group (“CFG”), a division of Synovus Securities, Inc. CFG retains all responsibility for implementation in its clients’ accounts and pays a fee to GLOBALT based on the assets invested in the models. Similar to that of other Model Portfolio Provider Platforms, GLOBALT does not have any ongoing management or supervisory responsibility with respect to CFG client accounts.

## **Item 11 – Code of Ethics**

### **Code of Ethics:**

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

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

GLOBALT’s Code of Ethics is reasonably designed to ensure that the personal securities transactions and interests of the employees will not interfere with making decisions in the best interest of clients. Nonetheless, because the Code permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employees are required to provide a quarterly report to the Chief Compliance Officer, showing investment transactions in their personal accounts, as well as disclosing annually all securities held on their behalf. Certain securities are exempt from reporting based upon the determination that these would not pose any material

conflicts. These reports are monitored regularly to reasonably prevent conflicts of interest between GLOBALT and its clients.

GLOBALT, directly or through an affiliate, may manage simultaneously parallel accounts in some cases with the same portfolio managers, with similar objectives, but with differing fees to GLOBALT. GLOBALT may, from time to time, unknowingly recommend the purchase or sale of securities in which Synovus, or another affiliate, has a position or interest or does business. Synovus' many affiliates with multiple lines of business make this likely. GLOBALT's policy is to manage each account independently and fairly and recognizes and strives to control the conflicts of interests inherent in such practices. In general, most investment advisory activities are autonomous from any investment or other securities activities of the Synovus affiliated banks and companies. This investment philosophy is designed to prevent GLOBALT's personnel from having knowledge of the business and investment activities carried on by those banks and companies for their own accounts, other than in a fiduciary capacity, and vice versa. To the extent that GLOBALT advises or subadvises client accounts for affiliates, GLOBALT is responsible for and knowledgeable about such affiliates' client accounts, and certain affiliate personnel will receive information about GLOBALT investment activity for the account. Synovus Trust Company personnel who receive subadvisory services from GLOBALT also may have information about GLOBALT investments. Some GLOBALT employees may also have officer titles at other Synovus affiliates. The sharing of or shared access to research or other information might allow its recipient to compete with or precede GLOBALT with respect to an investment opportunity on behalf of itself or its clients. For example, because GLOBALT utilizes a Synovus affiliate to process some of its client transactions, certain Synovus employees may also perform personal and non-GLOBALT client trading that poses conflicts of interest with GLOBALT client transactions.

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting GLOBALT's Chief Compliance Officer, Annette M. Marshall at 678-802-4433 or 877-438-6956.

## **Item 12 – Brokerage Practices**

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

Obtaining best execution is an important aspect of every trade that we place in client accounts. Best execution can be described as seeking the most favorable terms for completing client transactions considering all relevant circumstances at the time. GLOBALT has a Trade Oversight Committee that administers our Trade Oversight (Best Execution) program and provides oversight of its trading practices, including execution quality, trade review, trade errors, soft dollars, directed brokerage, broker review, trade aggregation and training/education. The goal of the Trade Oversight Committee is to reasonably design, implement and monitor a best practices approach to trading practices to ensure transactions are executed to seek the most favorable terms reasonably available under the circumstances and in a manner that is consistent with GLOBALT's fiduciary responsibility to place interests of clients above corporate and personal interests and to develop and implement trading practices that best meet each client's investment objectives and directions.

GLOBALT's Investment Policy Committee (IPC) evaluates and selects brokers, including affiliated brokers for client transactions. When applicable, a tier list is developed based upon investment services,



order processing and execution capability expectations to be received from those brokers. Trading and Operations tracks updates to the tier list, should one be developed, and the list(s) are provided to the Trade Oversight Committee for reporting purposes. In evaluation of the tier list, commissions and related transaction costs are an important factor, but other judgment factors may also be considered. These factors include, without limitation:

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

The brokers selected by the IPC are then placed on an approved brokers list and is then used by Trading to place orders. Brokers may be added or deleted, or commission targets revised as approved by the IPC. Trading may provide alternative trading solutions, from time to time, to the broker tier list when it is in the client's best interest. The IPC and Trading sets targets when appropriate for the approximate amount of commissions to direct to each broker. The Trade Oversight Committee reviews the broker selection process, including the review of commissions subject to any soft dollar arrangements. In limited circumstances, traders are permitted to use brokers that are not on the approved list; however, trading activity is reviewed and monitored by the Trade Oversight Committee.

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

The following list describes some of the research products GLOBALT receives, from time-to-time, with soft dollar benefits. The list is subject to change without notice.

- FACTSET: a comprehensive integrated solution for qualitative and quantitative portfolio research and analysis, including but not limited to managed data feeds (market, news, and research), analytics (equity, portfolio, quant and risk, fixed income, market), and portfolio/strategy simulations and testing.
- Ned Davis Research: Equity and fixed income market data, sectors and industries, individual security analysis, asset allocation charts and asset class rankings.

GLOBALT recognizes that using client commissions for research products may create a conflict of interest because GLOBALT does not have to pay for the products. This may give GLOBALT an incentive to use a particular broker based on GLOBALT's interest in receiving the products rather than the client's

interest in receiving the most favorable execution. Clients may pay more than the lowest available commission for executing a transaction in order for GLOBALT to receive these benefits. Nonetheless, GLOBALT believes the commissions paid by the client are reasonable in relation to the value of the research and brokerage services received from the brokers and/or third-party providers.

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

**Directed Brokerage:**

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

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

When placing trades for directed accounts and providing notification of model changes to model provider platform programs, GLOBALT seeks to ensure that, over time, no client, group of clients or platform is disadvantaged by GLOBALT's trading practices. GLOBALT utilizes a trade/notification rotation cycle that assigns each broker and platform a position in a queue. On a daily basis that position rotates such that the broker whose trades are executed first/or platform which received notification first will subsequently be executed/or receive notification last in the subsequent cycle. This ensures that no client, group of clients or platform is given preferential treatment. Likewise, no client, group of clients or platform is consistently disadvantaged. Regarding model changes to model provider platform programs, GLOBALT does not generally exercise trading discretion over the associated Unified Managed Accounts (UMA) client accounts.

In evaluating the wrap fee arrangement, a client should recognize that the sponsor firm is solely responsible for establishing brokerage commissions for transaction execution. When so indicated, GLOBALT will, subject to its duty to seek best execution, execute trades through the sponsoring broker. Since no additional commissions are charged to execute transactions through the sponsor, best execution is typically achieved through the sponsor.

As is true for almost all of our client accounts, there are generally two instances in which we make trades in the accounts:

- The first is when we alter our overall investment model upon which our accounts are based. Under such circumstances we ordinarily adjust all accounts in the related strategy, and the change in the investment model will result in an "across the board" trade;
- The second is when trades are associated with a specific account level activity (e.g., account open, funding, withdrawals, liquidations, etc.) in the account.



**Trade Allocation/Block:**

In accordance with GLOBALT's goal to achieve best execution for client transactions and when appropriate to do so, GLOBALT generally aggregates or blocks individual client orders into a larger single order with the intention of achieving more favorable execution and preferential commission rates. When a block trade is completed, the price may be averaged so that each account participating in the trade may receive the same price. If a specific equity or ETF block is not filled in its entirety, GLOBALT will allocate shares to each account participating in the trade on a pro rata basis, in accordance with the size of their individual client order. Allocations of any partial fills of equities will be prorated across all client accounts participating in the specific strategy for which the indication was given. For fixed income securities, if the pro-rata allocation would result in amounts of less than \$500,000, the portfolio manager may buy a comparable security in any account that did not participate in the original purchase. For initial public offerings in the case of equities or new issues in the case of fixed income, indications will be given by specific strategy (i.e., Large Cap Core, Intermediate Fixed Income, etc.). To the extent that the limited availability of a security would result in a de minimis allocation, GLOBALT may exclude those accounts from the order.

In some situations, in an effort to achieve best execution as well as to aggregate prices among many accounts, step-outs are used. In a step-out, one broker, the executing broker, executes a block trade and then gives up ("steps-out") the shares to one or more brokers. These brokers will directly bill these shares to the client accounts as if they were the executing or directed broker. Step-outs are transparent to the clients as the only confirms they receive are from their broker. At times, there may be multiple stepped-out brokers receiving portions of a trade. Each broker may receive a commission or brokerage fee with respect to that portion of the transaction that it settles and completes.

GLOBALT may step-out trades if it determines that the step-out is in the clients' best interest. For example, there are certain across-the-board trades, where the security trade is best aggregated, that a step-out is deemed in the clients' best interest. Clients in a wrap-fee program will therefore incur additional commissions and fees (generally, up to \$0.01 per share) beyond the wrap fee program fee due to participating in the stepped-out trade. The commissions paid on trades executed away from the sponsors are reflected in the transaction price at which the securities are bought or sold (rather than being separately stated or charged, resulting in a higher or lower potential price). Step-outs and associated fees/charges are evaluated on a case-by-case basis. GLOBALT believes that stepping out these trades helps us to achieve best execution. By stepping out the trade, we believe we are best able to: minimize the risk of market movement in pricing, achieve competitive pricing, access additional sources of liquidity and assure that all participating clients receive the same execution price. Please note that some sponsor firms and directed brokers may not permit the use of step-out trades. Generally, the executing broker will charge a mark-up or mark-down to execute the step-out order.

**Item 13 – Review of Accounts**

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

Clients receive account statements directly from their custodian usually monthly, but no less frequently than quarterly. For SMA accounts, GLOBALT also sends quarterly reports to clients that may include holdings, valuations and/or performance. Clients may request reports more frequently or as needed. Clients in separately managed accounts or in a wrap fee programs typically receive reports directly from the sponsor. Depending on the sponsor and the program, GLOBALT may provide quarterly reports as well. In addition to these reports, correspondence, including quarterly review and economic outlook reviews may be provided to clients. GLOBALT urges clients to compare information contained in its reports with information contain in the report received directly from the account custodian. GLOBALT does not generally provide statements or reports for model portfolio provider platform clients. Wrap fee program clients and/or model portfolio platform program clients should consult their program's disclosure statement for types of reports that they will receive from the associated program sponsor or platform.

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

GLOBALT may, from time to time, enter into agreement(s) with unaffiliated third-party solicitors that refer clients to GLOBALT. We will not engage any Solicitors disqualified from acting as a Solicitor under Section 203 of the Advisers Act. In accordance with SEC Rule 206(4)-3, GLOBALT may pay the solicitor a fee, which is usually a percentage of the applicable advisory fee or a finder's fee as appropriate. Clients do not pay a higher investment advisory fee as a result of the referral. Solicitors are required to meet certain statutory qualifications and provide to each referred client a Solicitor's Disclosure Document which details the terms of the agreement, including the amount of the compensation, between the solicitor and GLOBALT. The prospective client or solicitor will be requested to acknowledge delivery prior to acceptance of the account for advisory services.

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

GLOBALT, from time to time, will enter into agreements and licensing arrangements with wrap fee and model portfolio provider program parties for which it will receive a portion of the fees collected under the terms of those agreements. Item 4 above provides more details regarding these arrangements.

#### **Item 15 – Custody**

Synovus Trust Company N.A. may maintain custody or possession of client funds or securities; thus GLOBALT, as a separately identifiable division of Synovus Trust, may be deemed to have custody of those accounts. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Custodial statements include account holdings, market values and any activity that occurred during the period, including the deduction of applicable investment advisory fees. Clients are encouraged to carefully review such statements for accuracy and compare such official custodial records to the reports GLOBALT may provide. GLOBALT's reports may vary from the custodian statements based upon accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients with questions regarding their account reports should contact GLOBALT at 404-364-2188.

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

In addition, GLOBALT is deemed to have “custody” because investment advisory fees may be directly debited from client accounts. GLOBALT does not have direct physical custody of any client funds and/or securities. Debiting of fees is done pursuant to authorization provided by each client. The client account’s custodian, such as NFS, furnishes account statements, usually monthly but not less than quarterly, directly to clients. However, GLOBALT must be reasonably certain that the client’s qualified custodian provides at least quarterly statements directly to them.

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

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

GLOBALT manages client portfolios on a discretionary basis and receives discretionary authority from the client at the outset of an advisory relationship, as established with the investment advisory agreement. This discretionary authority authorizes GLOBALT to determine the specific securities to be bought or sold, the amount of securities to be bought or sold, the broker or dealer used to execute trades and the commission rate paid by clients, consistent with the stated objectives, policies, limitations and restrictions for the particular client account. A client may, with GLOBALT’s consent, impose reasonable restrictions, guidelines or limitations on investments in certain securities, types of securities, or industries in its account. These limitations or restrictions are negotiated individually with each client at the relationship outset and may be modified by notifying GLOBALT in writing.

GLOBALT also offers non-discretionary investment advice through Unified Managed Accounts (UMAs), model strategist or similar platforms where GLOBALT provides Model Portfolio recommendations but has no responsibility for effecting trades on behalf of any client.

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

GLOBALT generally does not vote proxies on a client’s behalf. GLOBALT may agree to vote or choose to vote on behalf of clients in a certain strategy, but is not required to vote proxies on a client’s behalf. Clients that retain proxy voting responsibilities will receive all issuer communications from their custodian.

#### **Proxy Policy:**

GLOBALT has engaged Glass Lewis & Co. (“Glass Lewis”) as our third-party proxy administrator for clients that GLOBALT has agreed to vote their proxies (including a “named fiduciary” under ERISA) or as required in plan documents. GLOBALT has adopted the proxy voting guidelines of Glass Lewis & Co. (“Glass Lewis”). When the responsibility to vote proxies has been assigned to GLOBALT, our utmost concern is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). GLOBALT through Glass Lewis will vote in a prudent and diligent manner intended to enhance shareholder value. For proxy issues that fall outside of the adopted proxy guidelines, Glass Lewis provides GLOBALT with in-

depth research on proxies issued by the companies in our clients' portfolios and voting recommendations for proposals contained in those proxies. GLOBALT has complete decision-making authority and instructs Glass Lewis whether to vote in accordance with or contrary to their recommendations. Proxies are voted and other corporate actions are acted on in a timely manner. Corporate actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings, and class actions.

In situations where a material conflict of interest arises between GLOBALT and an issue on the ballot (e.g., where GLOBALT or its affiliates have a financial interest in the outcome of the vote), Glass Lewis, in accordance with the proxy policy adopted by GLOBALT, would vote proxies based on their recommendation.

**Environmental, Social and Governance Proxy Policy:**

GLOBALT by way of Glass Lewis our third-party proxy administrator, will vote proxies for clients invested in the Environmental, Social and Governance portfolio. Clients invested in the ESG Equity portfolio may choose to retain proxy voting authority.

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

**Item 18 – Financial Information**

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

## Appendix A: Risk Definitions

All investments offer varying degrees of balance between risk and potential return. As an example, an investor's exposure to investment risk typically increases in exchange for opportunities to achieve higher returns. Item 4 above details GLOBALT's Advisory Business, including the investment services offered to clients. The risk definitions below are intended to assist clients in understanding certain risks associated in investing in our strategies and to provide information to help make informed investment decisions, though it is not an exhaustive list of all potential investment risks and may not be applicable for all investment strategies.

<b>Business Cycle Risk</b>	The risk that cyclical business cycles, with periods of peak performance followed by a downturn, then a trough of low activity, affect the returns of an investment, an asset class or an individual company's profits.
<b>Call Risk</b>	See reinvestment risk. Some corporate, municipal and agency bonds have a "call provision" entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor's principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates than they may have had prior.
<b>Collateral Account Risk</b>	A client may enter into a separate securities agreement with a creditor, bank, broker dealer or other financial institution (together, "creditor") to pledge securities or assets against a loan or collateral amount. This agreement grants the creditor a security interest to transfer, sell, redeem, close open trade or otherwise liquidate any assets in the account (including instructions to transfer assets directly) in the pledged assets or collateral account. Adverse market conditions can impact the value of the value of the pledged securities causing the portfolio value to decline. This may result in the client to pledge additional assets, pay down the line of credit or the creditor may instruct the adviser and/or custodian to sell pledged assets, which depending on market conditions may result in receiving less for the securities than the original purchase price. Declining market conditions may also limit client's ability to draw upon their account. Long-term investment strategies and goals may be adversely impacted by the creditor's actions, as they may instruct the adviser to sell some or all of the pledged assets as payment against the loan. In this instance, since the creditor agreement may provide certain rights, the client may not be able to choose which securities are liquidated and the client would also be responsible for any loan shortfall after such sale. There is no guarantee that investment account returns will meet or exceed loan costs.
<b>Commodity Price Risk</b>	The possibility that fluctuations in the price, shortage or overabundance of material inputs, such as fuel, energy, raw materials, metals, manpower, etc. will materially impact operating a company, production of goods/services or reduce the attractiveness or price of an investment.
<b>Composition Risk</b>	The possibility that changes in an index, resulting from security membership, market capitalization and weighting, and investment guide changes may increase the relative dispersion for a strategy and result in unexpected performance variance. Security membership, being added,

reduced or weight changed, in an index may result in security prices changes.

<b>Consumers Risk</b>	The risk when clients are exposed to unsuitable investments that they do not fully understand.
<b>Correlation Risk</b>	See Diversification Risk - When portfolio holdings are too highly correlated with each other, meaning that the move up and down in value together, there may be insufficient diversification to counter market or security risks.
<b>Counterparty Risk</b>	Also called default risk. Counterparty risk occurs when one or more parties to an agreement, such as a bond, defaults and does not fulfill their contractual obligation, such as payments or principal. For example, a bond issuer with a lower quality rating may have a higher default risk and its bonds will need to pay a higher yield than an issuer with a higher rating.
<b>Credit Rating / Issuer Quality Risk</b>	Credit rating agencies provide analysis and comparative opinions on the bond issuer's ability and willingness to meet its financial obligations. For bond holders, risk occurs when the opinion changes, resulting in a lower rating, which may decrease the current holding value and may make it more expensive, in the form of higher interest rates, for the issuer to raise new debt to meet future obligations. Credit ratings are not indications of investment merit but are a significant factor in the investment decision. Generally, the higher the credit rating, the higher the bond price relative to the yield rate.
<b>Currency / Foreign Exchange Risk</b>	Also called foreign exchange risk and implies international investing: the possibility that the relative change in currency value from one country to another will reduce the investment value when converted back from one currency to the other.
<b>Dispersion Risk</b>	The uncertainty risk associated when an investment strategy is not in accordance with its model, resulting in performance or risk that is less or greater than expected.
<b>Diversification Risk</b>	Diversification means to reduce risk by investing in a variety of assets, and generally in assets that do not move up or down in value together (correlate). There are two forms of diversification risk: A portfolio that is relatively undiversified, such as having a single security or positively correlated holdings may be more volatile and value sensitive to the security's market actions. A portfolio that is too diversified may result in a proxy for an index, and not provide acceptable returns relative to the fees or expenses incurred with a managed account.
<b>Economic Risk</b>	The risk that economic conditions, such as government regulations, tax policies, political or social instability, workforce, or exchange rates will negatively affect investments, usually one in a foreign country. Economic risk is one of the reasons why international investing, especially in emerging countries, carries more risk than domestic investing.
<b>Expenses and Fees Risk</b>	Exchange traded funds, like mutual funds, generally incur operating expenses for management, record-keeping, custodial services, taxes,



legal, accounting and audit fees, which are taken from the fund's assets and lower investor return. Different funds may have different expenses and fees ratios, relative to the fund assets. Therefore, selection of a fund with higher expenses and fees may have lower performance than a comparable fund with a lower expense ratio.

**Industry Risk**

The possibility of investment losses related to a specific industry or market sector stemming from economic or regulatory change, instability, volatility or market shift from a particular industry. These losses may increase in relation to overall portfolio weighting towards that industry.

**Inflation Risk**

Inflation causes tomorrow's dollar to be worth less than today's. Inflation reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.

**Interest Rate Risk**

The possibility that the value of a security, especially a bond, will reduce as a result of a rise in interest rates.

**Inverse ETFs**

Inverse ETFs are designed to replicate the opposite direction of the matching or indicated index. These ETFs often use a combination of futures, swaps, short sales, and other derivatives to achieve these inverse objectives. As complex products, inverse ETFs may not track the underlying or contra benchmark as expected and are designed to achieve those results on a daily basis only. That means that over periods longer than a trading day, the value of these ETFs can and usually do deviate from the performance of the contra index that they are designed to track. Over longer periods of time or in situations of high volatility, these deviations can be substantial.

**Legal Risk**

The risk that a legal contract or financial transaction won't be fulfilled because it breaks a law or there is a regulatory conflict. In addition, companies involved in legal actions may have to increase cash reserves for settlement, which may restrict their growth ability, lower their relative profit or income potential, and be more volatile.

**Liquidity Risk**

The risk that investors may have difficulty finding a buyer when they want to sell a security and may be forced to sell at a significant discount to its expected market value. Liquidity risk is greater for thinly traded securities.

**Market Capitalization Risk**

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



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

**Market Risk**

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

**Model Risk**

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

**Pandemic Risk**

The possibility of a large-scale outbreak of infectious disease that can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.

**Regulatory Risk**

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

**Reinvestment Risk**

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

**Security Selection Risk**

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

**Sociopolitical Risk**

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

**Tax Risk**

For taxable accounts, the possibility that the security holdings, interest, dividends and timing of the buys/sell transactions will increase one's tax liability. Tax risk may also occur when investing just prior to dividend or capital gain activities for ETFs or mutual funds.

**Time Horizon Risk**

Investment time horizon generally reflects the total length of time the investor expects to invest before the assets are utilized for their financial goal, such as retirement income. Because different security types, such as equities, bonds and cash have different reward and risk characteristics, a client's time horizon is important in influencing the investment and

strategy decisions. Generally, the shorter the client's time horizon, the less time available to the client to recover from any incurred losses.

**Timing Risk**

The risk that an investment performs poorly after its purchase or better after its sale. This risk may reflect security selection made either too soon or too late, relative to historical review, and thereby missing profit opportunities or increasing loss potential.

**Tracking Error Risk**

Also called active risk. The possibility that a security, such as ETF or mutual fund, deviates from and does not accurately track its defined index or benchmark. The fund does not work as effectively as intended, resulting in unexpected asset allocation and price behavior for the holding.

**Trading Volume Risk**

Trading volume occurs as a direct result of supply and demand. Generally, the greater the trading volume, the more liquid it is and the spread between buy/sell transactions is smaller. A lightly-traded security may have more volatile pricing, be less liquid and have higher transaction costs due the buy/sell spreads.

**Turnover rate Risk**

Turnover rate or ratio reflects the frequency that managers buy or sells securities within a portfolio. There is no turnover rate that is correct for all accounts – the rate will vary upon the strategy type, securities held, or investment conditions. In effect, a high turnover rate may reflect excessive trading, resulting in potentially higher costs or transaction expenses, increased capital gains tax liability of the portfolio, and reduced relative performance. A low turnover rate, again not conclusive, may reflect low account management activity or decreased available investment opportunities.

**Valuation Risk**

It may be difficult to price or fairly value securities that are thinly or infrequently traded, not readily accessible, illiquid, or of varying quality. In the absence of accurate security valuation, buy or sell transactions may be higher or lower than anticipated. Securities that increase or decrease in price may result in overweight or underweight conditions relative to the model or benchmark, increasing diversification risk.

**Yield Curve Risk**

The yield curve represents the relationship between rate of return or interest rates and time to maturity. For bond holders, risk occurs when bond values decrease, impacting portfolio value, when interest rates go up or when needed fixed income or cash flow decrease when bond prices go up the yield curve will slope, up/down and widen or narrow, in relationship between short term bond yields and long-term bond yields and varying maturities. To compensate for the liquidity risk of tying up one's money for long periods of time, a typical investor expects a higher rate of return for a longer time to maturity.