



Item 1 – Cover Page

StateTrust Capital, LLC
1750 Clint Moore Road
Boca Raton, Florida 33487

(305) 921-8100
www.statetrust.com

October 10, 2018

This brochure provides information about the qualifications and business practices of StateTrust Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 305-921-8100 or stcadvisor@statetrust.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

StateTrust Capital, LLC is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an advisor provide you with information about which you determine to hire or retain an advisor.

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

Item 2 – Material Changes

Material Changes.

In compliance with the new SEC requirement on amendments to Part 2A of Form ADV, this section contains material changes that have taken place since December 29, 2017, the time of the last publication.

1.- Our main office address has changed to:

1750 Clint Moore Road.
Boca Raton, Florida 33131

Our phone numbers and e-mail addresses have not changed. We have also opened an office of convenience located at:

1000 Brickell Avenue
Suite 320
Miami, Florida 33131

2.- Our Chief Compliance Officer is now Mr. Napoleon Aponte.

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Item 4 – Advisory Business

Advisory Business

- A. StateTrust Capital, LLC (the “Firm”, “STC”, or the “investment advisor”) offers various levels of investment supervisory services. The Firm has been in business since the year 2000 and is 100% owned by StateTrust Group, LLC.
- B. During an initial interview, conducted at no charge to the client, the client’s needs, goals, liabilities, risk tolerance, and time horizon are determined. An appropriate allocation of assets in a portfolio mix of equities and fixed income is thereby established in conjunction with the client. The Firm’s services include (as required) helping the client in defining its investment objectives, formulate an investment policy for them, evaluate and recommend professional money managers, and as a final stage, design an asset allocation strategy for the client. The Firm may engage the use of a third-party money manager.
- C. Within each of the categories in the strategy, the accounts or funds are further segregated by pure styles, again depending on specific client conditions (e.g., large capitalization growth, small capitalization value, international large cap, etc.). In each of the chosen segregated styles, internal or external account money managers are chosen together with the client. In the cases of large cap growth, small caps, and fixed income, StateTrust itself may manage directly some or all of the portfolios if directed to do so by the client. The client may impose restrictions, but there are none currently in place.
- D. The Firm uses one subadvisor, WCM Wealth Managers, for its P102 program of international equities. The Firm has access to a number of external managers that could potentially be used.
- E. The Firm sponsors a wrap fee program. A “wrap fee” is an annual fee paid by the client that is intended to cover applicable services to the account, including investment advice and, may include portfolio management, trade execution, clearing, settlements, custody, (through COR Clearing, LLC, our custodian) administrative and account reporting services provided by STC, as well as investment advice and/or portfolio management services provided by a third-party adviser to the portfolio.

To the extent that portfolio management or similar services are provided by third-party advisers, a portion of the wrap fee paid by the client will be paid to such advisers for their services – please refer to the section “Fees and Compensation” for additional details about these fees (also called advisory account fees). We generally manage accounts enrolled in wrap fee programs

with the same level of care as non-wrap fee advisory accounts. Additional information about the program is covered by the WRAP brochure.

- F. The Firm currently manages client's assets. Of these assets, as of September 28, 2018, \$94,286,000 are managed in a discretionary basis and none of the assets are non-discretionary.

Item 5 – Fees and Compensation

Fees and Compensation

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

Fixed Income: 0.8% - 1.5% of assets managed for the specific client, on a per annum basis, charged quarterly in advance. The advisor negotiates with each client individually to set the percentage within the above range, depending on specific conditions that include the size of the account, the type of account, the discretionary or non-discretionary nature of the management, etc.

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

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

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

Such charges, fees and commissions, including those charged by the affiliated broker/dealer are exclusive of, and in addition to, the Firm's fee, and StateTrust Capital, LLC shall not receive any portion of these commissions, fees, and costs. Please refer to the "Brokerage Practices" section of this brochure where this is discussed in further detail.

- D. Client must pay advisory fees in advance. The advisory agreement continues in effect until terminated by either the client or the advisor. Termination of an advisory agreement is effective within five (5) working days of receipt of written notice of cancellation of services by either party to the agreement. In the case of early termination of the agreement, a pro-rated refund of fees that may have been paid in advance of the quarter's end, minus any administrative costs shall be allowed.
- E. The Firm's investment advisors received compensation from sale of securities or investment products. Clients do however, have the option to purchase investment products recommended by StateTrust Capital, LLC through other broker/dealers not affiliated with StateTrust Capital, LLC. The Firm does not charge commission in addition to advisory fees. [see paragraph F]
- F. In the particular case of fixed income managed accounts, in addition to the advisory fee charged by StateTrust Capital, LLC the broker/dealer charges a flat fee per transaction of \$58 of which, \$48 is paid to the investment advisor and \$10 remains with the broker/dealer. This fee is disclosed in the trade confirmation provided to clients.

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

Performance-Based Fees and Side-By-Side Management

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

Item 7 – Types of Clients

Types of Clients

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

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

Methods of Analysis, Investment Strategies and Risk of Loss

A. The Firm's methods of analysis are as follows:

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

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

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

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

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

- Depending on the program, a selection of corporate and government bonds rating BBB- or better are reviewed. Certain programs allow for securities with ratings below investment grade and fixed income denominated non-dollar currencies.
- The portfolio is formed using securities with varying maturities, such that the portfolio's average life is consistent with the manager's philosophy, and to

provide a steady stream of interest and principal payment (laddered structure).

- The review process is subject to change by the manager.

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

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

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

Item 9 – Disciplinary Information

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary event that would be material to the client's evaluation of StateTrust Capital, LLC or the integrity of the Firm's management. In June of 2013, and as a result of a 2009 FINRA examination, our affiliate StateTrust Investments, Inc ("STI") signed a letter of Acceptance, Waiver and Consent ("AWC"). The letter is mainly in regard to 563 corporate bond transactions executed between March 2007 and June 2010 where STI, acting through its head trader Mr. Joe Turnes, charged excessive markups/markdowns above/below the prevailing market prices to clients. Additionally, STI failed to supervise Mr. Turnes during this time.

Without admitting or denying any fault, STI consented to a fine of \$1,000,045.00 and agreed to retribute clients for an amount equal to \$353,319.05 plus interest. Additionally, Mr. Turnes consented without admitting or denying, to a fine of \$75,000.00 and a six-month suspension effective July 15, 2013.

In the same letter, FINRA noted that STI failed to timely report 64 trades to the TRACE reporting system. FINRA also noted that between 2006 and 2009 STI, through its clearing firm and registered representatives distributed prospectuses for its affiliated

mutual funds that contained a material misstatement of fact in violation of NASD rule 2110 and FINRA rule 2010.

On 8/14/2014, without admitting or denying the findings, our affiliate STI consented to an order by Florida's office of financial regulation ("OFR") finding that it violated Florida statute 517.161(1)(m) by previously settling with FINRA on item 20100230016-02 (noted in the 2015 ADV). STI further noted that the order's finding states that it "is not based on violations of laws or regulations that prohibit fraudulent, manipulative or deceptive conduct."

No issues have been reported since the last publication of this brochure.

Item 10 – Other Financial Industry Activities and Affiliations

Other Financial Industry Activities and Affiliations

As disclosed in the Brokerage Practice section, Item 12 of this brochure, STI is an affiliated broker-dealer of STC which provides introducing broker-dealer services on behalf of STC. STI is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). STI shares office space with STC and certain officers and employees of STC are also registered representatives of STI. More specifically, David Vurgait, President; Napoleon Aponte, CCO; Jeff Cimbale, COO and Jose Luis Turnes, CEO are the key supervising principals and registered representatives of STI. Certain employees of STC are also registered representatives of STI, and these employees receive commissions or other compensation in their capacity as STI registered representatives.

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

Item 11 – Code of Ethics

Code of Ethics

StateTrust Capital, LLC has adopted a code of ethics expressing the Firm's commitment to ethical conduct. The Firm's code of ethics describes the Firm's fiduciary duties and responsibilities to clients and sets forth our practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with STC may buy or sell securities for their personal accounts identical or different than those selected for clients. It is the

expressed policy of STC that no person employed by the Firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients. To supervise compliance with its code of ethics, STC's chief compliance officer reviews the holdings and trading activity of the Firm's employees. STC also requires all employees to receive approval from the chief compliance officer prior to investing in any IPO's and private placements (limited offerings).

The Firm's code of ethics further includes STC's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. STC requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to disciplinary actions.

STC will provide a complete copy of its code of ethics to any client or prospective client upon request.

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

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

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

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

Item 12 – Brokerage Practices

Brokerage Practices

The Firm has through its affiliated broker/dealer a program to offer its clients, wherein the investment decisions are made by the investment advisor and/or the client, and the registered broker/dealer provides custody through a clearing agreement with COR Clearing, LLC, and also execution, technology, automated order entry, downloading capability, and electronic confirmation and statements for a fixed fee that will be included in the advisory fee charged to the client.

STC is for the most part a discretionary investment advisor. Accordingly, STC generally determines the securities and quantities to be bought and sold for each client account. Monthly, or as requested, clients receive itemized account statements reflecting present holdings and transactions for the account's stated period. Clients opting for services that include discretion over accounts as to what quantity of which securities are to be bought or sold without prior authorization from that client will first be asked to sign a limited power of attorney authorizing the investment advisor or the money manager to act in that capacity.

Investment advisory clients are asked to authorize StateTrust Investments, Inc. to act as their broker/dealer. STC clients do not have to authorize STI to act as their broker/dealer and can choose a different broker when establishing their account. When STI acts as a broker/dealer for advisory account transactions, STI does not charge a commission or mark-up, although a \$58 order ticket fee is assessed for fixed income transactions. When executing orders in OTC securities on an agency basis, the price of the security may also include the market maker's mark-up or mark-down.

STC recognizes this is a potential conflict of interest as it may present an incentive for STC to route trades as an investment adviser to STC's affiliated broker/dealer, STI, to generate fee revenues for STI. This fee revenue is separate and apart from STC's advisory fees.

Additionally, whenever feasible, trade orders will be aggregated when advisor representatives desire to purchase or sell the same security for multiple clients. STC

will follow its trade aggregation policies as detailed in the written supervisory procedures under section 6.3.9.

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

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

In accordance with the valuation procedures, STC relies on pricing services or the broker/dealer that maintains the client’s accounts to value client portfolio securities, assuming market quotations are readily available. When quotations are not readily available, STC shall follow the valuation procedures outlined in item 5.3.10.2 of the WSPs.

The advisory firm does not determine the commission rates to be paid; STC negotiates with the broker/dealer to obtain costs within the fee structure proposed by the Firm. Such costs may need to be renegotiated periodically.

Item 13 – Review of Accounts

Review of Accounts

- A. Equity accounts are reviewed versus the models on a periodic basis with the manager.
- B. Fixed income accounts are reviewed with the manager as needed or as market conditions change.
- C. Accounts are monitored and reviewed as to asset allocation, sector allocation, individual holdings, suitability and performance monthly, or more frequently as necessary to respond to changes in economic or market conditions or if a client informs STC of changes in the client’s financial circumstances or investment objectives. The monitoring of accounts is performed using both automated exception reports and manual reviews completed by the Firm’s chief compliance officer or his designee. As requested, clients may receive written reports regarding their accounts. These reports include a portfolio

appraisal and performance. In addition, monthly or as requested, clients receive itemized account statements reflecting present holdings and transactions for the account's stated period.

Item 14 – Client Referrals and Other Compensation

Client Referrals and Other Compensation

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

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

Rule 206(4)-3 specifies certain standards that must be met by an investment advisor and any person who solicits any client for, or refers any client to, an investment advisor prior to the payment of a cash fee directly or indirectly. Prior to or at the time of executing an advisory contract, the advisor must receive a signed and dated acknowledgment from the client evidencing receipt of the advisor's brochure.

Item 15 – Custody

Custody

Clients should receive at least quarterly statements from a broker/dealer, bank, or other qualified custodian that holds and maintains client's investment assets. StateTrust Capital, LLC urges clients to carefully review such statements and compare such official custodial records to the account statements that STC may provide to clients. The Firm's statements may vary from custodial statements based on

accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Investment Discretion

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

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

Investment guidelines and restrictions must be provided to STC in writing.

Item 17 – Voting Client Securities

Voting Client Securities

Advisor does not vote the Client proxies. The Client is responsible for voting any such proxies. Advisor will instruct the Custodian (COR Clearing, LLC.) to forward any proxy materials involving securities in the account to the Client, and not to Advisor. The Custodian, and not Advisor, is responsible for timely transmission of any proxy materials to the Client. Advisor will, however, act on securities reorganizations, tender offers, or similar decisions on behalf of the Client.

Item 18 – Financial Information

Financial Information

Registered investment advisors are required in this section to provide clients with certain financial information or disclosures about STC's financial condition. STC 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.