

## CAPTRUST Financial Advisors

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This Brochure provides information about the qualifications and business practices of CAPTRUST Financial Advisors. If you have any questions about the contents of this Brochure, please contact us at (919) 870-6822. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require. In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients at least annually. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials 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 will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may be requested by contacting us, at the numbers above.

Additional information about CAPTRUST Financial Advisors is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website provides information about any persons affiliated with CAPTRUST Financial Advisors who are registered, or are required to be registered, as investment adviser representatives of CAPTRUST Financial Advisors.

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#### **Item 4 – Advisory Business**

CAPTRUST Financial Advisors, also known as CapFinancial Partners, LLC, (“CAPTRUST” or “Adviser”) was established in April 2003 and approved as a Registered Investment Adviser in September 2003. The CapFinancial Group, Inc. is a 100% owner of CAPTRUST. James Fielding Miller is the CEO of CAPTRUST and the majority owner of The CapFinancial Group, Inc.

CAPTRUST is an Investment Adviser registered with the U.S. Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940. CAPTRUST provides investment advisory services to Wealth Management Clients such as Individuals, Trust, Estates and charitable organizations, foundations, endowments, corporations or other businesses not listed above collectively referred to herein as “Client” or “Wealth Client”. Approximately 30% of CAPTRUST advisory fee revenue is derived from the continuous and regular investment supervisory services rendered to Wealth Management Clients.

CAPTRUST also provides Retirement Plan Advisory Services to Pension, Profit Sharing Plans and other qualified Plans (“Plan Clients”) which are disclosed in a separate Disclosure Brochure (Form ADV Part 2A) which represents approximately 70% of advisory fee revenue.

CAPTRUST will require each Advisory Client to make a selection of services in writing as part of the **Advisory Services Agreement(s) (ASA)**, which sets forth the rights and obligations of CAPTRUST and the Client. The **ASA** is customized to state the quoted or negotiated fee.

CAPTRUST offers the following service(s) to the Client:

#### **Investment Advisory Services**

- Establishment of Investment Objectives and Guidelines
- Asset Allocation Analysis
- Investment Manager Selection /Mutual Fund Evaluation
- Ongoing Investment Manager/Mutual Fund Due Diligence
- Ongoing Quarterly Performance Measurement

#### **Financial and Estate Planning Services**

- Financial Plan and Analysis
- Estate Planning Review with Legal and/or Tax Advisor
- Tax Review with Legal and/or Tax Advisor
- Insurance Review
- Charitable Gifting Strategies with Legal and/or Tax advisor

Adviser may provide *investment supervisory services* on a discretionary or non-discretionary basis and may include the following:

- Adviser may design, revise, and reallocate a Client’s custom portfolio. Investments are determined based upon the Client’s investment objectives, risk tolerance, net worth, net income, age, time horizon, tax situation and other various suitability factors.
- Adviser may manage the Client’s custom accounts on an individualized basis. Restrictions and guidelines imposed by clients may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ

and Clients should not expect that the performance of their custom portfolios will be identical to any other individual's portfolio performance).

- Adviser may utilize services of sub-advisers and established third party research services to assist Adviser with formulating asset allocation, industry and sector selection, and individual security investment recommendations in constructing and maintaining custom portfolios.
- The majority of Adviser's Clients enter into a fee-based ASA but, occasionally a Client may choose a commissioned-based account in lieu of a fee-based contract. This is permissible since the Adviser is also a registered broker/dealer. On that occasion, commissions for trade executions will be billed to Client. Should a transaction be a block trade for securities to be apportioned over various suitable accounts, the commission will be billed pro rata according to the portion of the trade placed in the Client's account. Commissions charged may be higher or lower than obtainable elsewhere.

**Other Investment Advisory Services.** Adviser may provide investment advisory services that do not involve investment supervisory services on a discretionary or non-discretionary basis. In order to determine a suitable course of action for an individual client, Adviser shall perform a review of the variables that are presented. Such review may include, but would not necessarily be limited to, investment objectives, consideration of the client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the client's particular circumstances. Adviser may provide asset management services to clients on a non-discretionary basis. In connection therewith, Adviser may provide investment supervisory or management services or may recommend products or services by other investment advisers.

**Wrap Fee Accounts.** Adviser also may offer a Wrap Fee Account(s), which will be administered through Pershing, LLC ("Pershing"), but are sponsored by CAPTRUST. The Wrap Fee Programs are designed to assist clients, both individuals and institutions (such as corporations and other business entities, trusts, estates, and charitable organizations), to identify their investment needs and to obtain professional asset management for a convenient single "wrap" fee. CAPTRUST's Schedule H (Wrap Fee Brochure) provides clients with disclosure information about the Wrap Fee Account(s) offered through CAPTRUST. An investor should consider all of the information within the Wrap Fee brochure before participating in a Wrap Fee Program. The information in CAPTRUST's Wrap Fee brochure has not been approved or verified by any governmental authority.

**Consultations.** Adviser may furnish investment advice through individual consultations. To the extent it is requested to do so, Adviser may provide its Clients with investment advisory and consultation services on a "fee for service" basis. In order to determine a suitable course of action for an individual Client, Adviser shall perform a review of the variables that are presented. Such review may include, but would not necessarily be limited to, investment objectives, consideration of the Client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the Client's particular circumstances.

Adviser will obtain pertinent information from the Client verbally or by way of any current information gathering documents approved for use by Adviser or other documents and data provided by Client. This information gathered will assist Adviser in determining the most appropriate course of action for its Client's financial and investment activity.

Adviser may offer advice on private placements and/or limited partnerships that may be considered “alternative investments” for example limited partnerships that are known as a “fund of funds” (typically a fund of “hedge” funds). Adviser may also offer advice on private equity funds that contain investments in equities, futures, options, and other securities. Any such recommendation will be made only when determined to be suitable and must be accompanied by or preceded by prospectus or offering memorandum.

As of December 26, 2012, CAPTRUST discloses \$2,361,394,013 in discretionary assets (primarily individual Wealth Client assets) under management, and \$78,667,795,836 in institutional, primarily non-discretionary, assets (comprised of retirement Plan Client assets) under advisement.

#### **Item 5 – Fees and Compensation**

CAPTRUST will require each Advisory Client to make a selection of services in writing as part of the **Advisory Services Agreement(s) (ASA)**, which sets forth the rights and obligations of CAPTRUST and the Client. The ASA is customized to state the quoted or negotiated fee.

In General, fees charged for investment advisory services are payable quarterly, in advance, and are based upon the market value of the Client’s assets on the last business day of the calendar quarter. Fees are generally deducted from the Client account(s) or may be direct billed to the Client or to a [third party] custodian at the Client’s instruction.

The ASA will continue in effect until terminated by either party upon thirty (30) days written notice to the other party. However, if the Client has not received the CAPTRUST Disclosure Brochure, Form ADV 2, at least 48 hours prior to entering into the ASA, the Client may terminate the agreement within five business days of entering into the agreement without penalty.

If any advisory relationship terminates before the last day of a quarter, fees are prorated accordingly, and the Adviser will refund any unearned fees due to the Client.

Fees, minimum accounts sizes and services are negotiable and may be waived under certain circumstances. For example, Adviser, in its sole discretion, may charge a lesser (or no) advisory fee based upon certain criteria (e.g. existing financial planning client relationship, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with Client, etc.). Adviser and investment adviser representatives may also be compensated through commissions for transactions conducted on behalf of investment adviser Client accounts.

Adviser may provide *investment supervisory services* on a discretionary or non-discretionary basis. Adviser’s fees for these services are negotiable depending on the specific type of investment management services to be rendered (as detailed in the ASA), but generally will be calculated as a percentage of total assets under management according to the following schedule:

<b>Gross Market Value</b>	<b>Maximum Annual Fee</b>
0-\$500,000	2.25%
\$500,001 – \$1,000,000	2.00%
\$1,000,001 – \$2,000,000	1.75%

\$2,000,001 - \$5,000,000	1.25%
Over \$5,000,001	1.00%

For clients that do not elect a wrap account, CAPTRUST's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall 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 and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to CAPTRUST's fee, and CAPTRUST shall not receive any portion of these commissions, fees, and costs. Please see Item 12 for more discussion regarding fees and brokerage practices.

**Fixed Fee Service.** To the extent so engaged by Client, the Adviser may charge a fixed fee for investment advisory and consultation services. Fixed fees are negotiable, but generally range from \$10,000.00 to \$250,000.00 on an annual basis, depending upon the level and scope of the services required. Adviser's fixed rate is determined based on anticipated work to be done. Fixed fee(s) will be charged quarterly in advance, (calculated on a per diem basis) upon the signing of an ASA by the Client. Fees for Clients engaging Adviser mid-quarter will be prorated on a per diem.

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

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

#### **Item 7 – Types of Clients**

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

CAPTRUST also provides advisory services to Retirement Plans including, 401K Plans, 403B Plans, pensions and profit sharing plans, non-qualified plans, foundations, endowments, corporations (or other businesses not listed above) on a continuous and regular basis, but those services are disclosed separately, in CAPTRUST's Retirement Services Disclosure Brochure.

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

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

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

Investment recommendations are based on an analysis of the client's individual needs, and are drawn from research and analysis. However, in general, security analysis methods include fundamental analysis as well as quantitative and qualitative research on a given investment vehicle. Information for this analysis may be drawn from financial newspapers, magazines and databases, research materials prepared by others, annual reports, corporate filings and prospectuses. Additional sources of information utilized by CAPTRUST include meetings and discussions with Investment Managers employed by Investment Companies, Separate Account Manager of Portfolio Funds, statistical summaries and analysis and such other sources CAPTRUST's professionals personnel deem appropriate. CAPTRUST may utilize services of sub-advisers and established third party research services to assist CAPTRUST with formulating asset allocation, industry and sector selection, and investment recommendations in managing the Funds. Technical Analysis may be used when analyzing indices and/or securities other than open-ended mutual funds.

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

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.



### **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 CAPTRUST or the integrity of CAPTRUST's management. CAPTRUST has no material information applicable to this Item.

### **Item 10 – Other Financial Industry Activities and Affiliations**

CAPTRUST is both a FINRA broker-dealer (member SIPC) and an Investment Adviser registered under the Investment Advisers Act of 1940. CAPTRUST is also registered as a Commodity Trading Advisor with the National Futures Association because occasionally CAPTRUST renders investment advice with respect to commodities and/or futures.

CapFinancial Partners, LLC has a business entity insurance license many Financial Advisors are life insurance licensed in order to act as agent of record for those Clients who own life insurance products. Financial Advisors at CAPTRUST may occasionally recommend fixed or variable annuities or life insurance to their Wealth Clients when assisting them in executing their financial plan.

As a registered broker-dealer, Adviser offers individual [Wealth Clients] and institutional [Plan Clients] general securities [investment] services. The Investment Adviser Representatives with Adviser are simultaneously registered as Registered Representatives. The Adviser generally spends 20% of his/her time on work done for Clients on activities consistent with the definition of broker/dealer activities. If a trade error were to occur, it may result in profit or loss to the firm. The firm has controls in place to limit such trade errors. Investment Adviser Representatives will not participate in any profits resulting from such errors.

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

CAPTRUST recommends that Wealth Clients establish brokerage accounts with Pershing ("Custodian") to maintain custody of Clients' assets and to effect trades for their accounts. However, some CAPTRUST Wealth Clients utilize Fidelity or Schwab for custodial and execution services ("other custodians"). The Custodian is a FINRA registered Broker-Dealer. Although CAPTRUST may recommend that clients establish accounts at the Custodian, it is the client's decision. CAPTRUST is independently owned and operated and not affiliated with any Custodian. Item 12 includes additional details regarding brokerage practices and related disclosures.

Recently, CAPTRUST has acquired the assets of Freedom One Investment Advisors, LLC ("FOIA") an investment adviser registered under the Investment Advisers Act of 1940 and its affiliate, Freedom One Retirement Services, LLC ("FORS"). FOIA acts as a discretionary investment adviser for most of its wealth clients, so as a result of the merger, and following the consent to the assignment of existing FOIA advisory agreements, those clients will become Clients of CAPTRUST. Those wealth clients are currently utilizing Fidelity for custodial and execution services. FOIA has a number of retirement plan clients for

which FORS provides recordkeeping services, so CAPTRUST is disclosing this conflict of interest to the public. Those Clients of FIOA may be paying more or less for recordkeeping services rendered by FORS than other Plan Clients utilizing unaffiliated record keepers.

#### **Item 11 – Code of Ethics**

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

Occasionally, associated persons of Adviser may recommend that Clients buy or sell the same securities or investment products that associated persons of the Adviser also own. In such circumstances, Adviser shall give precedence to client transactions. CAPTRUST's employees and persons associated with CAPTRUST are required to follow the Code of Ethics. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CAPTRUST will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of CAPTRUST's clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between CAPTRUST and its clients.

Block Trades: Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with CAPTRUST'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. CAPTRUST 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.

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

#### **Item 12 – Brokerage Practices**

The Investment Adviser Representatives of Adviser also effect securities transactions for clients as registered representatives of a broker/dealer. All FINRA, SEC, and other regulatory agencies disclosure requirements and policies are observed for all transactions. As noted in Item 10, Adviser may, in its capacity as a broker-dealer, effect certain securities transactions that may have been recommended as part of its investment advisory services. Further, Adviser or its associated persons may receive compensation for such transactions, where such compensation is separate and distinct from Adviser's

compensation related to its investment advisory services. As stated in Item 4, most Clients choose a fee in lieu of commissions (or wrap fee) arrangement when utilizing the brokerage platform provided for by Pershing, LLC. See Schedule H for complete description of wrap fee programs sponsored by CAPTRUST.

For CAPTRUST (Wealth) Client accounts maintained in custody by the Custodian described in Section 10, the Custodian generally does not charge separately for custody services but may be compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the Custodian or that settle in accounts held by the Custodian. The Custodian may also make available to CAPTRUST other products and services that could benefit CAPTRUST but may not benefit all Clients' accounts. Some of these other products and services assist CAPTRUST in managing and administering Clients' accounts. However, CAPTRUST does not have any soft dollar arrangements. CAPTRUST pays (upon an invoice) for services provided by Custodian, including software and other technology that provide access to Client account data (such as trade confirmations and account statements); trade executions (and allocation of aggregated trade orders for multiple client accounts); pricing information and other market data. Custodian facilitates payment of CAPTRUST's fees from its Clients' accounts; and assists with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of CAPTRUST's Wealth accounts.

The foregoing arrangements with the Custodian may pose a conflict of interest to the extent they create an incentive for CAPTRUST to suggest that Clients maintain their assets in accounts at the Custodian on the basis of products and services that may become available to CAPTRUST as a result, rather than solely on the basis of the nature, cost or quality of custody and brokerage services provided by the Custodian to clients. However, CAPTRUST is constrained by fiduciary principles to act in its Clients' best interests and will suggest a Custodian to clients only when it appropriate to do so. In addition, CAPTRUST maintains an awareness of the services provided to Clients by the Custodian in an effort to ensure that Clients are well served.

Some Clients may use Bank of New York or an affiliated Trust Company for custodial services for their trusts or retirement assets. Therefore it is material to disclose that as a broker-dealer, CAPTRUST has an existing relationship with Pershing, LLC ("Pershing"), an affiliate of Bank of NY in the form of a "Clearing Agreement".

Pursuant to the "Clearing Agreement", Pershing acts as a custodian/clearing firm to execute, clear, settle, and hold CAPTRUST Clients' accounts and securities. All customer transactions (with the exception of those done by application) are placed through Pershing, LLC. However, CAPTRUST does not *direct brokerage* to any particular broker/dealer for execution, but rather relies on Pershing, LLC to direct brokerage execution.

Some transactions that must be done *by application or subscription agreement* will be facilitated directly with either the fund family, insurance company, or other legal entity. Most of Adviser's business is done on a fee basis. However, there are a limited number of client accounts that are on a commissioned basis. All commissions received from effecting transactions will be reviewed for reasonableness in accordance with Advisor policy on best execution. Commissions and/or transaction fees charged by Pershing, LLC may be higher or lower than obtainable elsewhere.

Occasionally, Adviser may, in its capacity as a FINRA Broker/Dealer, engage in riskless principal transactions giving its clients access to investments which otherwise may not be accessible in a retail brokerage account. For example, Adviser may purchase a block of securities acting on a riskless principal basis and then allocate those securities amongst several Client accounts. Rarely, Adviser may, in its capacity as a FINRA Broker/Dealer engage in an agency cross transaction between two Wealth Clients, but this only occurs when it is beneficial to both parties and Adviser does not act as a principal. However, Adviser does not engage in such transactions on behalf of Plan Clients.

Other CAPTRUST Clients, including those who were formerly Clients of Freedom One Investment Advisors, utilize the brokerage platform provided by either Fidelity's Institutional ("Fidelity") brokerage platform or [Charles] Schwab Institutional ("Schwab"). In those cases, CAPTRUST does have the ability to negotiate fees or commissions on behalf of Clients, but CAPTRUST does not direct brokerage to a particular venue for execution, but rather relies on Schwab or Fidelity (with the exception of bond trades that may be directed to a prime broker available to CAPTRUST thru the Fidelity Platform). Fees and commissions charged by Fidelity or Schwab may be higher or lower than obtainable elsewhere.

Adviser may be compensated by general promotion, advertising, and distribution fees (12b-1 fees) in relation to Client purchases and sales of mutual fund shares. These 12b-1 fees will be taken into account when calculating the Client fee for service for a particular period and the typical fee reduced based on the 12b-1 fees received by the Adviser.

#### **Item 13 – Review of Accounts**

Client Accounts are advised by their Financial Advisor, the Investment Advisor Representatives (IAR) responsible for performing periodic reviews and consulting with the respective Client. Ongoing reviews of markets, sectors and individual securities are conducted by the respective IARs. Additionally, accounts are reviewed quarterly by the Principals and Compliance Officers of CAPTRUST, to determine the suitability and allocations of types of assets and investments in relation to a client's objectives and the necessity or desirability of any change in such objectives. Investment company assets and separate account managers are monitored on a continuous and regular basis by CAPTRUST Consulting Research Group. Eric Freedman, Chief Investment Officer, heads up the Consulting Research Group. ADV Part 2B lists all the members of the Consulting Research Group who are involved in the review process and in determining the investment advice to be given by the Adviser. Denise Buchanan, Chief Compliance Officer, heads up the Compliance Team which reviews all transactions daily. Additionally, monthly statements/reports are provided by the custodian of the Clients Assets. Quarterly performance reports are prepared by CAPTRUST for accounts with assets over \$1,000,000; otherwise clients may access performance reports produced by Pershing online.

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

A quarterly account appraisal will be created for the clients as well as an annual year-end reports. Please see Item 15 for more information regarding statements/reports sent by the Custodian.

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

CAPTRUST, in some instances, may compensate third-party solicitors (or “Corporate Solicitor”) for Client referrals. In order for a business entity to be compensated by CAPTRUST for referring a Client to CAPTRUST, the solicitor must be engaged by CAPTRUST under a Solicitor or Referral Agreement (“Agreement”) in compliance with Section 206(4)-3 of the Investment Advisers Act of 1940. In general, a Corporate Solicitor is compensated by a percentage of the advisory fee collected for limited period of time specified in the Agreement. The Client pays no additional fee for the referral over and above CAPTRUST’s quoted advisory fee; to the contrary, the fee the Adviser earns is reduced by the amount of the compensation to the Corporate Solicitor. A Client who is solicited will receive a Separate [additional] Solicitor’s Disclosure Statement describing the arrangement in detail. Clients may request details regarding a particular Agreement by contacting us toll-free at (800)216-0645 or sending an email to [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com).

#### **Item 15 – Custody**

Clients should receive statements, at least, quarterly from their Custodian. CAPTRUST urges you to carefully review such statements and compare the official custodial records to any reports that we may provide you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. CAPTRUST does not act as a qualified custodian for Plan Client assets. However, CAPTRUST does disclose upon the ADV Part 1 (Item 9) that it has custody of clients’ funds or assets because of the method by which CAPTRUST processes third party checks for Wealth Clients and also because a small number of Wealth Clients have asked a CAPTRUST Financial Advisor to act as a trustee or in a similar capacity with respect to their wealth assets. Therefore, CAPTRUST undergoes an annual “surprise” audit by an independent certified public accountant to audits these clients’ funds and securities [accounts] and who is also engaged to prepare an internal control report annually.

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

For most CAPTRUST Wealth Clients, Adviser has the authority to determine, without obtaining specific client consent, both the securities to be bought and sold as well as the amount of the securities to be bought or sold. However, this discretion must be provided at the beginning of the Adviser/Client relationship and documented in the **ASA**. There is no particular set limit to this discretion established as part of the **ASA** or this disclosure document. Adviser has the authority to determine the commission rates paid on behalf of the Adviser but does not have any control over the commissions charged by the Custodian/clearing firm for the services they provide. These fee changes have a direct impact to the Client as they may be charged commissions for certain transactions. There is no limitation on such discretion, and commissions charged by the Custodian may be higher than those obtainable from other broker/dealers for the same products and services. As a broker-dealer, the Adviser has an existing relationship with the Custodian/clearing firm to execute, clear, settle, and hold Client accounts and securities all customer transactions (with the exception of those done by application) are placed through Pershing, LLC. Adviser does not direct brokerage to any particular broker/dealer for execution, but rather relies on Pershing to direct brokerage execution. Transactions that must be facilitated by application or subscription agreement will be facilitated directly with either the fund family, insurance company, or other legal entity. Most of Adviser business is done on a fee basis. However, there are a limited number of [client] accounts that are on a commissioned basis.

All commissions received from effecting transactions will be reviewed for reasonableness in accordance with Advisor policy on best execution. Commissions and/or transaction fees charged by Pershing, LLC may be higher or lower than obtainable elsewhere.

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

In general, where CAPTRUST has been provided discretionary authority by its clients, CAPTRUST has retained the right to vote proxies. It is CAPTRUST's aim to see that proxies are voted in the best interest of its clients. In General, the proxy voting guidelines are designed to be responsive to the wide range of issues that can be raised in proxy situations. The Proxy Voting Policy contains detailed guidelines and specific methods by which conflicts of interests are addressed. In accordance with standard operation procedures of FOIA, [Former] Clients of FOIA vote their own proxies.

**[Wrap] Accounts Managed By Outside Managers:** Occasionally CAPTRUST recommends that a client use an outside manager. Under those conditions, clients relegate the right to vote proxies to their account manager. The manager's proxy voting policies will be detailed in their Disclosure Brochure.

To obtain a copy of CAPTRUST's Proxy Voting Policy or for a copy of CAPTRUST's Proxy Voting record, Clients can contact CAPTRUST directly at: (800) 216-0645 or (919) 870-6822 or may write to CapFinancial Partners, LLC 4208 Six Forks Road #1700, Raleigh NC 27609 to obtain the information.

#### **Item 18 – Financial Information**

Registered Investment Advisers are required to provide you with certain financial information or disclosures about CAPTRUST's financial condition. CAPTRUST has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.

#### **Privacy Policy**

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

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

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

**How CAPTRUST Protects the Confidentiality of Clients' Nonpublic Personal Information:**

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

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

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

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

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

**Business Continuity Disclosure/Summary**

CapFinancial Partners, LLC, doing business as CAPTRUST Financial Advisors, ("CAPTRUST") is a federally registered investment adviser and an independent FINRA broker/dealer utilizing the clearing services of Pershing, LLC ("Pershing"). For many CAPTRUST Advisory Clients, Pershing provides custody, back-office and trade support, for CAPTRUST. Your account(s) and assets are either maintained and custodied by Pershing, or for Advisory Clients who were formerly Clients of Atlantic Capital Wealth Management, your accounts and assets are maintained and custodied at Fidelity Institutional.

As a member of FINRA, Rule 3510(e) requires CAPTRUST to summarize the manner in which CAPTRUST's Business Continuity Plan (BCP) addresses the possibility of significant business disruptions. Accordingly, CAPTRUST is furnishing this document to you to provide information about our efforts to ensure that impact to your business is minimized in the event of an emergency or disaster.

Securities Industry regulations require each member firm to create and maintain a business continuity plan reasonably designed to meet its obligations to its clients or other counter-parties. In accordance with these requirements, CAPTRUST has designed a business continuity plan to address possible scenarios in efforts to minimize any service impact to our clients.

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

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

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

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

Regardless of the scope of potential disruption, CAPTRUST intends to continue to provide service to its clients.

In the event of a significant business disruption, where the primary building or business district is located, we will move our staff from affected offices to the closest of our unaffected offices. The firm has four other locations from which to conduct business. Therefore, should the primary building or business district be affected by a disruption, the other locations can be used to help restore operations.

In the unlikely event of a citywide or regional disruption, both of CAPTRUST's other locations ("established recovery sites") are in other cities. The first established recovery site is approximately 170 miles from its headquarters and the other is approximately 400 miles. Either alternate location can be used to restore time sensitive functions as soon as key employees are relocated to the facility. In the event that any such disruption occurs, we have developed alternative service arrangements, systems, locations and contingency plans to ensure that any service is quickly restored.

CAPTRUST has identified several computer applications with Mission Critical or High criticality ratings and has documented this within the business continuity plan. These Mission Critical computer applications are proprietary to our Clearing Firm (Pershing). Pershing regularly performs disaster recovery testing and reports results to CAPTRUST. Pershing provides an annual BCP disclosure to CAPTRUST clients. Clients may reach Pershing directly at (201)413-3635 for recorded instructions during a significant business disruption.



For those CAPTRUST Clients who are utilizing Fidelity as custodian:

Although CAPTRUST recognizes Fidelity as a Critical Business Constituent, Fidelity's proprietary web-based platform makes permits access to your account remotely regardless of a business local, city-wide or regional disruption. For a summary of Fidelity's Business Continuity Plan, please call CAPTRUST at (800) 216-0645 or you may reach Fidelity directly at 800-343-3548.

For Clients who are utilizing Charles Schwab as custodian:

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

At a minimum, the CAPTRUST business continuity plan is reviewed, updated and tested on an annual basis. Additionally, our primary internal and external application providers periodically conduct testing of their own back-up capabilities to ensure that, in the event of an emergency or significant business disruption, they will be able to provide us with the critical information and applications we need to continue or promptly resume our business. When testing our plan, we review the recovery time and resumption time period for all mission critical systems.

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

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