

1. COVER PAGE



Form ADV Part 2A
Stamos Capital Partners, L.P.
Firm Brochure
January 29, 2016

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This Brochure provides information about the qualifications and business practices of Stamos Capital Partners, L.P. If you have any questions about the contents of this Brochure, please contact us at (650) 233-5000 or info@StamosCapital.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.

Additional information about Stamos Capital Partners, L.P. also is available on the SEC's website at www.adviserinfo.sec.gov.

Stamos Capital Partners, L.P. is registered with the SEC. Such registration does not imply a certain level of skill or training.

2. MATERIAL CHANGES

Section 2 discusses only specific material changes that are made to this Brochure and provides Clients (as defined herein) with a summary of such changes.

Since this Form ADV is an update on an other-than-annual basis, this section is not required to be updated. The annual update, required by March 31, 2016, will include materials changes.

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4. ADVISORY BUSINESS

A. General Description of Advisory Firm

Stamos Capital Partners, L.P. (“Stamos Capital” or the “Firm”) is organized as a Delaware limited partnership. The Firm began operations as an investment adviser in June 2002. Peter Stamos serves as the Chairman and Chief Executive Officer and is the largest owner of Stamos Capital.

Stamos Capital provides endowment-style investment solutions primarily to high net worth individuals, family offices, private foundations, and institutions. The Firm provides multi-asset class investment solutions across public and private, traditional and alternative, asset classes.

B. Description of Advisory Services

Stamos Capital provides investment advisory services to (i) privately-offered investment funds employing multi-manager investment programs (the “Funds”) and (ii) various individual investment portfolios or managed accounts (the “Managed Accounts” and together with the Funds, the “Clients”). The investment programs of the Clients may include, but are not limited to, allocations to the following asset classes: fixed income, absolute return, public equity, private equity, and real assets, subject to the specific investment objectives of each Client.

When advising a Fund, Stamos Capital invests primarily in private investment funds or managed accounts (collectively, “Portfolio Funds”) managed by fund managers (“Fund Managers”) selected by Stamos Capital. In certain instances the Firm may invest a portion of its assets under management directly in public or private equity, venture capital, debt and/or other securities, including by selling such securities short and buying such securities on the secondary market. The assets of the various Funds are allocated by Stamos Capital acting in its sole discretion in accordance with the different objectives and strategies of each Fund. Acting as investment adviser, sub-adviser, and/or the general partner to the Funds, Stamos Capital (i) identifies and negotiates investment opportunities for the Funds and (ii) participates in the management, monitoring and disposition of the Funds’ investments. The individual needs of the investors in the Funds are not the basis of investment decisions made by Stamos Capital.

When advising a Managed Account on a discretionary basis, Stamos Capital conducts an initial review and analysis of the Managed Account’s existing investment portfolio, if any, and recommends an allocation of assets to various Portfolio Funds and securities taking into account the Managed Account’s risk tolerance, liquidity requirements, investment objectives, and Stamos Capital’s overall market outlook.

In certain limited instances, Stamos Capital may provide non-discretionary investment advisory services to a Managed Account. In such cases, Stamos Capital is not managing assets for the Client but rather furnishing the Client with an allocation analysis. For non-discretionary Managed Accounts, Stamos Capital may analyze the asset allocation of a Client’s investments across the Funds and other investments. Stamos Capital may provide recommendations of Funds with whom the Client may invest and may also provide advice regarding improved asset allocation and diversification. The owner of the Managed Account may accept or reject such recommendations and bears responsibility for executing the purchase or sale of any investment.

C. Availability of Customized Services for Individual Clients

When advising a Managed Account, Stamos Capital conducts an initial review and analysis of the specific Client's existing investment portfolio, if any, and recommends an allocation of assets to various Portfolio Funds taking into account the Client's risk tolerance, liquidity requirements, investment objectives, and Stamos Capital's overall market outlook. The owner of the Managed Account may accept or reject such recommendations and bears responsibility for executing the purchase or sale of any investment.

When advising a Fund, the assets of the various Funds are allocated by Stamos Capital acting in accordance with the different objectives and strategies of each Fund as dictated by each Fund's offering materials. Except for an initial determination as to an investor's suitability for investment in the relevant Fund, the individual needs of an investor in any Fund are not the basis of investment decisions made by Stamos Capital. In other words, allocation analysis is provided directly to the Funds and not individually to a Fund's investors.

While the Funds generally have similar and overlapping investment strategies and investment parameters, the Firm's advice with respect to the Funds is subject to their investment programs, which differ due to, among other reasons, various investment restrictions and types of investors. The Funds include, for example, investment funds that are structured for U.S. taxable investors, and investment funds that are structured for U.S. tax-exempt investors. The Firm enters into agreements, such as side letters, with certain investors in the Funds that may provide for terms of investment that are more favorable than the terms provided to other investors in the Funds. The investment mandate and restrictions for each Fund are set forth in its constituent documents. Persons reviewing this Form ADV Part 2A should not construe this as an offering of any of the Funds described herein. Such an offering will only be made pursuant to the delivery to prospective investors of a private placement memorandum or similar document, and related offering materials, which will describe certain risk factors, conflicts of interest, investment objectives and other important features of a particular Fund.

D. Wrap Fee Programs

This section is not applicable to Stamos Capital.

E. Assets Under Management

Stamos Capital manages \$4,558,803,539 in assets, including \$2,060,627,086 on a discretionary basis, and \$2,498,176,483 on a non-discretionary basis, calculated as of October 31, 2015. When a Client invests in multiple Funds, such assets may be double-counted when calculating the Firm's assets under management. This is due to the prescribed method of computation that aggregates each Client's assets.

5. FEES AND COMPENSATION

A. Advisory Fees and Compensation

With respect to the Funds, Stamos Capital generally charges a quarterly fee computed at an annual rate of up to 1% of assets under management, paid at the beginning of each quarter, as described in the relevant offering documentation and/or investment management agreement of each particular Fund. In addition, performance fees, where applicable, generally range from 5% to 20%, but may be up to 30%, as described in the relevant offering documentation and/or investment management agreement of each particular Fund. Performance-based fees are generally paid after the end of each fiscal year. Fund fees are generally non-negotiable.

With respect to Managed Accounts, the terms, including management and performance fees, are negotiated separately with each investor and described in the Managed Account's investment advisory agreement. Stamos Capital may, by mutual agreement with certain Managed Accounts, provide additional investment advisory services for a fixed fee.

B. Payment of Fees

With respect to the Funds, management fees are generally deducted from an investor's capital account balance quarterly in advance, and at the fiscal year-end for any applicable performance fee. Fund investors who choose to withdraw at a point in time that does not coincide with an ordinary billing period such as quarter-end or year-end will be allocated their share of any applicable fees, including performance fees, associated with the time period.

With respect to Managed Accounts, investors are invoiced in accordance with the billing periods that are defined in the Managed Account's investment advisory agreement.

C. Additional Fees and Expenses

Each Fund bears expenses related to its operations, including without limitation, investment-related expenses, such as management and administrative fees charged by the Portfolio Funds, performance-based fees paid to the Fund Managers, expenses related to the purchase and sale of illiquid securities, brokerage commissions, research expenses, interest on margin accounts and other indebtedness, bank service fees, professional fees (including, without limitation, expenses of consultants and experts), and investment-related travel expenses; legal, accounting (including the cost of accounting software packages), audit, and tax preparation expenses; administration expenses (including fees and expenses of the Fund's administrator); expenses incurred by Stamos Capital related to the provision of administrative services (including compensation of personnel and employee benefits); organizational expenses; expenses incurred in connection with the offer and sale of interests in the Fund and other similar expenses related to the Fund; and extraordinary expenses.

For Funds that are in liquidation, Stamos Capital does not charge an investment management fee; however, the Firm charges an administrative fee of 0.5% of the Funds' net asset value.

Each Managed Account may be subject to some or all of the expenses and fees detailed above, including brokerage commissions, subject to the terms of the Managed Account's investment advisory agreement. See section 12 for an additional discussion of the Firm's brokerage practices.

D. Prepayment of Fees

With respect to the Funds, management fees are deducted from an investor's capital account balance quarterly in advance. Investors who choose to withdraw at a point in time that does not coincide with a

quarter-end will be allocated their share of any applicable fees, including performance fees associated with the time period. Specifically, in the case of a withdrawal by an investor in a Fund other than as of the last day of a fiscal quarter, a *pro rata* portion of the management fee (based on the actual number of days remaining in such partial fiscal quarter) will be returned by Stamos Capital to the Fund and distributed to such withdrawing investor.

With respect to Managed Accounts, investors are invoiced in accordance with the billing periods that are defined in the Managed Account's investment advisory agreement.

E. Compensation for the Sale of Securities or Other Investment Products

This section is not applicable to Stamos Capital.

6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In addition to asset based management fees, the Funds and certain Managed Accounts typically charge performance-based fees based on a share of such Client's capital appreciation. The fees charged to each Client vary in accordance with their offering documents or investment advisory agreements as applicable.

Performance-based fee arrangements may create an incentive to engage in riskier investments than would ordinarily be the case if Stamos Capital did not charge such fees.

In certain circumstances, during the course of identifying investment opportunities, Stamos Capital may encounter what it considers an attractive investment with limited capacity available. If such an investment satisfies the investment objective of several Funds and/or Managed Accounts, whether and how Stamos Capital allocates the investment may pose a conflict of interest where those investors involved pay different fees.

Stamos Capital determines how to allocate limited capacity investment opportunities taking into account certain criteria. The Firm first determines which Clients are eligible to participate in such an opportunity based upon each Client's investment program and objectives. Next, the limited investment opportunity generally will be allocated among all eligible Clients in proportion to their relative capital balances. Clients without sufficient available capital or whose current portfolios do not warrant participating in such an opportunity due to risk or concentration constraints will not participate. In certain circumstances, the Firm may give preference to those Clients whose investment programs are responsible for obtaining access to the limited investment opportunity when allocating such opportunities.

7. TYPES OF CLIENTS

Stamos Capital acts as the investment adviser or sub-adviser to the Funds and Managed Accounts where investment advisory services are provided directly to the Funds and Managed Accounts and not individually to the Funds' investors. In the case of the Managed Accounts, advice is provided to the individual Managed Accounts. The Funds are composed of "accredited investors" as that term is defined in Rule 501 of Regulation D of the Securities Act of 1933, as amended, most of whom will be "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

The Funds' investors and Managed Accounts consist primarily of high net worth individuals and their family offices and investing vehicles; private foundations; trusts and estates; charitable organizations; banks or thrift institutions; pension and profit sharing plans; state or municipal government agencies; government and other retirement plans; and corporations or other business entities other than those listed above.

The minimum initial Fund subscription ordinarily is \$5 million; however, such minimums vary by Fund and Stamos Capital may accept smaller accounts. There is no designated minimum account size for Managed Accounts, although Stamos Capital ordinarily will not accept a Managed Account unless its size exceeds a typical Fund minimum subscription amount.

8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

Stamos Capital identifies, researches, interviews, evaluates, selects and monitors underlying Fund Managers with whom the Funds and Managed Accounts invest. In evaluating the merits of a particular Fund Manager and Portfolio Fund, Stamos Capital typically considers the following, among other criteria:

- (a) the investment performance and risk management techniques of the Fund Manager and/or Portfolio Fund;
- (b) the length of time the Fund Manager has been associated with the applicable Portfolio Fund;
- (c) the volatility of the results of the Fund Manager and/or Portfolio Fund;
- (d) the amount of the Fund Manager's own capital that is managed similarly to the applicable Portfolio Fund;
- (e) potential conflicts of interest;
- (f) the liquidity of an investment in the Portfolio Fund;
- (g) the liquidity of the investments of the Portfolio Fund;
- (h) the degree of correlation or non-correlation between the performance of the Portfolio Fund and that of the market or particular asset classes;
- (i) the degree to which the Portfolio Fund employs leverage;
- (j) the fees associated with an investment in the Portfolio Fund; and
- (k) an assessment of intangible characteristics of the Fund Manager including, but not limited to, the degree of risk associated with the Fund Manager's objectives and strategies, and the experience and backgrounds of the Fund Manager's principals.

Stamos Capital also may make direct investments in public and private companies. In such scenarios, Stamos Capital may evaluate, among other criteria:

- (a) financial reports of the company;
- (b) an analysis of the company's ability to generate cash flow; and
- (c) review research reports on the company.

All investments in securities and other financial instruments risk the loss, including complete loss, of invested capital. There is no guarantee that any Client's investment program will be successful, and investment results may vary substantially over time. Past results of the Funds, Managed Accounts, and Portfolio Funds are not necessarily indicative of future performance. No assurance can be made that profits will be achieved or that substantial losses will not be incurred. Therefore, investors in the Funds or the Managed Accounts should be prepared to bear the loss of some or all of their investment.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies

Investors should carefully consider the risks involved in an investment in the Funds or Managed Accounts, including but not limited to those discussed below and in such Fund's or Managed Account's offering documents or investment advisory agreements, as applicable. Investors should consult their own legal, tax, and financial advisers as to all of these risks and an investment in the Funds or Managed Accounts generally.

The Funds and Managed Accounts utilize a so-called “fund-of-funds” or “multi-manager” investment strategy pursuant to which the Funds’ and Managed Accounts’ allocate capital among various Portfolio Funds. Any risks borne by the Fund Managers and the Portfolio Funds will therefore also indirectly be borne by the Funds and Managed Accounts. Stamos Capital performs due diligence on Portfolio Funds and Fund Managers to identify investment opportunities it considers attractive for its Clients. Part of this process involves evaluating a Fund Managers’ investment processes and operations to develop a certain level of understanding of the risks involved. To the extent Stamos Capital fails to identify the level of risk a particular investment poses, or Stamos Capital underestimates a Fund Manager’s ability to mitigate the effect of adverse market movements, Client portfolios may suffer as a result.

Investors should consider the following potential risks, among others, in determining whether an investment in the Funds or Managed Accounts is a suitable investment:

- (a) Stamos Capital or the Fund Managers may not fully anticipate adverse market events, and therefore Stamos Capital’s allocation among Fund Managers, or a particular Fund Manager’s investment strategy, may prove to be ineffective or inappropriate to handle such market conditions;
- (b) The Fund Managers or Stamos Capital may fail to anticipate the amount of withdrawals requested by investors for a given withdrawal period, particularly during abnormal market conditions, and withdrawal restrictions may be imposed by Stamos Capital and/or the Fund Managers as a result;
- (c) Key individuals responsible for investment decisions at Stamos Capital or the Fund Managers may become incapacitated or unable to perform their duties;
- (d) The failure of a counterparty may cause a loss, or delay the amount of time needed to recoup some or all of an investment;
- (e) The Fund Managers provide valuations for their Portfolio Funds and Stamos Capital may have a limited ability to verify the accuracy of such valuations;
- (f) Fund Managers may use proprietary investment strategies, and may not disclose all aspects of such investment strategies to Stamos Capital, thereby causing Stamos Capital to underestimate the associated risk of the investment;
- (g) Performance fees may encourage higher risk taking; and
- (h) Investors in the Funds or Managed Accounts are subject to multi-level fees assessed by Stamos Capital and the Fund Managers. Multi-level expenses may be incurred by investors as well.

Investors should carefully review the offering documents, including the risk factors section, of the Fund or Managed Account they are interested in prior to investing capital.

C. Risks Associated with Particular Types of Securities

Investors should consider the following potential risks, among others, in determining whether an investment in the Funds or Managed Accounts is a suitable investment:

- (a) The portfolio hedges that either Stamos Capital or the Fund Managers may apply may not function as intended, exposing the Client’s portfolios to higher risks than intended;
- (b) There is no public market for the interests in the Funds or many of the Portfolio Funds, and such interests are therefore less liquid than publicly traded securities;
- (c) Stamos Capital or the Fund Managers may elect to employ leverage, and this could potentially exacerbate losses;

- (d) Stamos Capital or the Fund Managers may elect to invest in futures, options, and other derivatives, and the volatility of these financial instruments may be higher than other securities;
- (e) The Portfolio Funds may invest in fixed income investments, and such investments can be sensitive to interest-rate changes that may be difficult to predict or anticipate;
- (f) The Portfolio Funds may invest in distressed securities that are out-of-favor, financially leveraged, or potentially troubled, and these investments may be less liquid and require longer holding periods than ordinary securities;
- (g) Stamos Capital may select investments in non-U.S. markets or Portfolio Funds that are subject to different levels of regulation than would be applicable in the United States;
- (h) The Portfolio Funds may use over-the-counter markets that may be subject to fewer restrictions than if executed on a securities exchange; and
- (i) The Portfolio Funds may invest in long-dated or illiquid securities that offer less frequent valuations and may require longer holding periods than other securities.
- (j) In accordance with certain of the Fund's or Managed Account's offering agreements or investment advisory agreements, as applicable, the Funds or Managed Accounts may invest in special situations, joint ventures, direct public equity, direct private equity, real estate, or venture capital investments that involve a high degree of risk and the potential for loss of the entire investment. Such portfolio company investments include companies with limited operating histories, those in an early stage of development, and companies undergoing significant structural changes to their operations, product development, marketing, financing, or management. Such companies typically require substantial amounts of financing not ordinarily available through the institutional or public marketplace, and a much lengthier period of time from the date of initial investment to achieve any realization. Due to the limited experience of such companies and their management teams, their ability to solve problems and generate revenue streams necessary to survive and prosper is less likely compared to more mature companies, and therefore are prone to higher risks.

For the reasons noted, such companies pose unique challenges in analyzing their operations and evaluating future prospects, and are more susceptible to the risk of total loss of capital relative to other types of investments for Stamos Capital's Clients.

Investors should carefully review the offering documents or investment advisory agreements, as applicable, including the risk factors section, of the Fund or Managed Account they are interested in prior to investing capital.

9. DISCIPLINARY INFORMATION

A. Criminal or Civil Proceedings

The Firm has no material civil or criminal actions to report.

B. Administrative Proceedings Before Regulatory Authorities

The Firm has no material administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority to report.

C. Self-Regulatory Organization (SRO) Proceedings

The Firm has no material SRO disciplinary proceedings to report.

10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Registered Representatives of a Broker Dealer

This section is not applicable to Stamos Capital.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

While Stamos Capital may trade, directly or indirectly, commodity interests on behalf of Clients, it is exempt from registration with the Commodity Futures Trading Commission (“CFTC”) as a Commodity Pool Operator (“CPO”). Therefore, Stamos Capital is not required to deliver a CFTC disclosure document to prospective limited partners of the Funds, nor is it required to provide limited partners with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

The basis for the exemption with respect to the Funds is that, among other things (i) the Funds’ investment in other commodity pools; (ii) each limited partner is either (a) an “accredited investor” as defined under SEC rules or otherwise or (b) a “qualified eligible person” as defined in CFTC Rule 4.7(a)(2); and (iii) the interests in the partnership are exempt from registration under the Securities Act of 1933, as amended, and are offered and sold without marketing to the public in the United States.

C. Material Relationships or Arrangements with Industry Participants

As discussed further in section 14, Stamos Capital may compensate unaffiliated broker-dealers for the referral of investors.

D. Material Conflicts of Interest Relating to Other Investment Advisers

When Stamos Capital elects to invest Client assets in Portfolio Funds or Fund Managers, the Firm does not receive compensation directly or indirectly from those funds or advisers. In the process of selecting Portfolio Fund investments, Stamos Capital may elect to invest the assets of one Fund into another Fund. When doing so, the investing Fund will not be subject to duplicate Stamos Capital fees, although dependent upon the circumstances, conflicts of interest may exist. As noted previously in response to section 6, a conflict may arise in the allocation process due to the different incentive fees associated with each Fund, and this may be relevant to any potential cross investment. Additionally, when considering Funds for a cross investment, the Firm may exercise its discretion in a way that favors one Fund over another.

Stamos Capital periodically reviews portfolio transactions, including cross investments, to understand the nature of the transactions. The Firm will take any appropriate measures as applicable to address the effect any material conflict has on an investor.

Certain Funds may elect to invest in Portfolio Funds or with Fund Managers that hold interests in a Fund, are joint venture partners or affiliates of the Firm, or invest in Portfolio Funds or Fund Managers in which the Firm holds a direct or indirect financial interest. During the decision-making process for selecting investments, the Firm may be forced to choose between such competing interests, particularly when allocating limited investment opportunities.

11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

Stamos Capital prohibits employees from trading in their personal accounts any security that appears on its Restricted List. Stamos Capital's personal trading policy generally requires that (i) all such personal securities transactions receive pre-approval from the Chief Compliance Officer or suitable designee prior to consummation, and (ii) all holdings statements be provided to Stamos Capital directly from the brokerage firm holding such personal account. Generally, Stamos Capital's personal trading policy requires Stamos Capital's Chief Compliance Officer or designee to withhold approval of any personal securities transactions that includes any individual stocks or bonds. Employees and related persons of Stamos Capital (or their immediate family members) may acquire shares of mutual funds and exchange-traded funds ("ETF's"); however, in all circumstances the acquisition of shares of such funds are subject to the requirement of pre-approval from Stamos Capital's Chief Compliance Officer or designee. The Code of Ethics is available to investors in the Funds and Managed Accounts upon request to Stamos Capital.

B. Securities That You or a Related Person Has a Material Financial Interest

As previously noted in response to sections 6 and 10, a Fund may invest in another Fund, and in such cases a related Stamos Capital entity may serve as the general partner to both Funds. Similarly, Stamos Capital may recommend Funds to Managed Account investors. In order to minimize the potential conflict inherent in this practice, Stamos Capital waives management and performance fees as necessary to avoid having a Client pay two sets of management or performance fees to Stamos Capital in connection with one investment.

C. Investing in Securities Recommended to Clients

Stamos Capital may elect to engage in exchange-traded transactions on behalf of Clients for hedging purposes. In the event Stamos Capital is preparing for or is in the process of completing mutual fund or ETF transactions of a significant size, an employee could benefit by trading ahead of the Client in the employee's personal securities account. To prevent this from occurring, the Chief Compliance Officer or designee withholds approval of the employee's pre-clearance trade request until after the Client transactions are completed.

As noted previously in response to sections 6 and 10, two or more Funds may invest in the same Portfolio Funds, and the allocation of such investments may pose a conflict of interest.

In addition, Stamos Capital employees may invest their personal capital in the Funds, however, such investments do not provide the employees with preferred liquidity terms over similarly situated non-employee investors in the Funds.

D. Conflicts of Interest Created by Contemporaneous Trading

As previously described in section 11(C) above, an employee could benefit by trading contemporaneously with the Client in the employee's personal securities account. To prevent this from occurring, the Chief Compliance Officer or designee withholds approval of the employee's pre-clearance trade request until after the Client transactions are completed. In addition, Stamos Capital employees may invest their personal capital in the Funds, however, such investments do not provide the employees with preferred liquidity terms over similarly situated non-employee investors in the Funds.

12. BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Stamos Capital ordinarily utilizes the services of a broker-dealer to engage in exchange-traded or over-the-counter products for hedging purposes. Stamos Capital considers certain factors when selecting a broker-dealer to be added to its approved broker list. Such factors include but are not limited to: (i) quality of execution - accurate and timely execution, clearance, and error/dispute resolution; (ii) reputation, financial strength and stability; (iii) block trading and block positioning capabilities; (iv) willingness to execute difficult transactions; (v) willingness and ability to commit capital; (vi) access to underwritten offerings and secondary markets; (vii) ongoing reliability; (viii) overall costs of a trade (i.e., net price paid or received) including commissions, mark-ups, mark-downs, or spreads in the context of Stamos Capital's knowledge of negotiated commission rates currently available and other current transaction costs; (ix) nature of the security and available market makers; (x) desired timing of the transaction and size of trade; (xi) confidentiality of trading activity; and (xii) market intelligence regarding trading activity.

1. Research and Other Soft Dollar Benefits

Stamos Capital may receive research or other products and services from broker-dealers in connection with executing its trades with a particular broker-dealer. The use of commissions or "soft dollars" to pay for research products or services by Clients will fall within the safe harbor for soft dollars created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under Section 28(e), research obtained with soft dollars generated by any Client account may be used by Stamos Capital to service other Client accounts. Research-related products and services may be paid with either commission dollars or directly by Stamos Capital. Where a product or service obtained with Client commission dollars provides both research and non-research assistance, Stamos Capital will make a reasonable allocation of the cost that may be paid for with commission dollars.

In view of the fact that the investment program of certain of the Fund Managers may include trading as well as investments, short-term market considerations frequently may be involved, and it is anticipated that the portfolio turnover of Client accounts may be substantially greater than the turnover rates of other types of investment vehicles.

2. Brokerage for Client Referrals

This section is not applicable to Stamos Capital.

3. Directed Brokerage

Stamos Capital selects broker-dealers to execute transactions for the Funds, and it does not permit investors in the Funds to select a broker-dealer for a directed brokerage arrangement.

Under the terms of each Managed Account's investment advisory agreement, Managed Account investors retain discretion to accept or reject Stamos Capital's recommendations, and therefore the Managed Account investors are responsible for selecting broker-dealers and other custodians outside of their direct investment in the Funds.

Managed Account investors may receive less favorable execution prices or pay higher commission rates than would ordinarily be available when aggregated with orders of other Clients that Stamos Capital advises.

B. Order Aggregation

Participation in specific investment opportunities may be appropriate, at times, for more than one Client. Stamos Capital will allocate such opportunities on an equitable basis over time, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of Clients for which participation is appropriate. Orders may be combined for all accounts, and if any order is not filled at the same price, orders may be allocated on an average price basis. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected. As a result, certain trades in the same security for an account (including an account in which Stamos Capital may have a direct or indirect interest) may receive more or less favorable prices or terms than another account, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved. Although different accounts may pursue similar investment objectives, the portfolios of different accounts may differ as a result of purchases and withdrawals being made at different times and in different amounts, as well as because of different tax and regulatory considerations. Stamos Capital may give advice and recommend securities to one Clients that may differ from advice given to, or securities recommended or bought for, another Client. Stamos Capital will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to, any Client solely because Stamos Capital purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to, another Client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the such other Client account.

13. REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

Peter Stamos and Stamos Capital's investment team monitor the performance of the Funds and their underlying investments on an ongoing basis. Currently, the Chief Executive Officer or one of three Partners periodically review Client accounts. The frequency of the review is based upon a number of factors, including the needs of the Client, the complexity of the holdings, and the impact of market activity on the account.

All members of the investment team conduct research on a daily basis. The entire investment team convenes at regular intervals to communicate ideas across asset classes, to discuss market research, economic news, fund performance, and investment themes. The ongoing dialogue among all of the asset class groups enables a wider pool of ideas, and also creates synergies across Stamos Capital's investment platform. In an effort to bring in outside opinions and avoid becoming too insular in the Firm's viewpoints, it is common for Stamos Capital to consult with outside experts with economic perspectives to give a fresh analysis of events in the current environment. As a result, all Clients benefit from a broad economic perspective and are not limited by a myopic view of an individual asset class.

The Investment Committee ordinarily meets more formally on at least a monthly basis to review investment decisions. Other members of the investment team may attend to present new investment ideas and discuss portfolio management strategies.

The investment team periodically discusses key drivers behind performance, especially when a Fund Manager has excessive returns/losses relative to its peers. The conversations may be supplemented by portfolio monitoring/exposure reports provided by the Fund Managers. The portfolio monitoring reports typically provide the Clients' long and short gross exposure by strategy, asset type, industry, geography and other statistics relevant to the strategy, such as performing versus non-performing, etc. Stamos Capital utilizes reports and periodic meetings to evaluate a Fund Manager's core risks in the portfolio and corresponding hedges, if any, as well as to identify significant concerns or style drift. Each Portfolio Fund is evaluated and an assessment is made to determine the frequency of on-site visits a member of the team will be required to perform in order to ensure that Stamos Capital has a sufficient understanding of a Portfolio Fund's current operations. In addition to such visits, a questionnaire is periodically sent to all Fund Managers in order to identify any changes to its operation or organization that would require further review.

The investment team periodically reviews the portfolios of the Managed Accounts. The frequency of such meetings will ordinarily be determined by the investor in the Managed Account. Similar to the Funds, the research process to develop investment ideas is an ongoing activity; however, certain aspects of reviewing the investor's portfolio relies on information provided to Stamos Capital by the investor that may influence the timing of when a review of the portfolio can occur.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

Stamos Capital will undertake a review of Client accounts whenever Stamos Capital has notice that there is a material change in a Fund Manager's management, investment strategy, operations, a change in auditor or administrator, an unusual deviation in performance, or revelation of any regulatory action or the initiation of an investigation.

C. Content and Frequency of Account Reports to Clients

Investors in the Funds generally receive (i) monthly statements which include the current value of their capital accounts in the Funds; (ii) monthly performance estimates regarding their investments in the Funds, which include details regarding estimated month-to-date, quarter-to-date and year-to-date performance of the Funds (net of fees and expenses), and a monthly market review, which includes a summary of the performance of certain indices, such as the S&P 500 Total Return Index, HFRX hedge fund indices, the Dow Jones Industrial Average and other world indices; (iii) quarterly letters; and (iv) on an annual basis, audited financial statements of the relevant Funds.

Managed Account investors receive the same reports for their holdings in the Funds. For those investments that are not in the Funds, the Managed Account investors receive reports from the custodian or broker-dealer that has custody of such assets. Also, Stamos Capital provides a periodic review of the Managed Account's performance, along with related market commentary.

14. CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

During the ordinary course of business, Stamos Capital or an employee may receive a gift from a service provider. To address the potential conflicts of interest where receipt of a gift could influence decision-making, Stamos Capital's Code of Ethics provides that gifts from service providers will either be returned or donated to a charity, provided that food items that are gifts may be consumed on the property.

B. Compensation to Non-Supervised Persons for Client Referrals

Stamos Capital may enter into agreements to compensate third parties for investor referrals. The amount of compensation typically will consist of a portion of the fees Stamos Capital earns from the referred investor. The Firm has entered into an arrangement with an affiliate of Merrill Lynch & Co. (the "Placement Agent") whereby the Placement Agent may receive a one-time or ongoing payments based upon a percentage of the assets of the Client allocated to the account. Any such payments will be borne by the Firm. Placement agent arrangements that Stamos Capital enters into will be in accordance with the rules promulgated under the Investment Advisers Act of 1940.

15. CUSTODY

For the Funds, which are direct Clients of Stamos Capital, the qualified custodians and Portfolio Funds send statements in the name of the Funds to the Firm. Fund investors receive a statement of their capital balance prepared by the administrator on a monthly basis, which reflects the value of their interest in such Fund. Fund investors also receive an audited financial statement of the Fund in accordance with the Custody Rule, Rule 206(4)-2 of the Investment Advisers Act of 1940.

Managed Account investors receive statements from the custodians for those assets that are not invested in the Funds. Managed Account investors should compare any statement or report provided by Stamos Capital regarding portfolio holdings with the statements of the custodians to ensure there are no discrepancies.

16. INVESTMENT DISCRETION

By completing the subscription documents for the Funds, investors in the Funds grant Stamos Capital and the general partner of such Fund, if any, power of attorney and discretionary authority to act on behalf of their interest in the Fund. Fund investors do not have the ability to limit this authority, although through the use of side letter agreements, an investor may negotiate a restriction that further defines the investment program for the Fund.

By mutual agreement with the Managed Accounts, Stamos Capital may be granted power of attorney and discretionary authority to act on behalf of the Managed Accounts. The Managed Account investors have the ability to grant and limit such authority subject to the terms and provisions of the Managed Account's investment advisory agreement.

17. VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities

Stamos Capital has the authority to vote proxies on behalf of the Funds. For ballot measures that would be considered routine matters, Stamos Capital generally votes with management's recommendation unless it is determined not to be in the best interest of the Fund. Non-routine matters are evaluated on the merits of each proposal, and in certain instances Stamos Capital may vote against management's recommendation where the Firm believes such a vote is in the Client's best interests.

Any potential conflicts of interest will be addressed on a case-by-case basis dependent upon the nature of the conflict. Possible actions Stamos Capital may take include the delegation of the voting decision to an independent third party, the organization of a committee responsible for the voting decision, or obtaining the consent of the Fund investors to vote a particular way. In all cases, Stamos Capital will seek to vote in the best interests of the Fund. Information about a proxy vote on behalf of a Fund may be obtained by the Fund's investor upon request to Stamos Capital.

Clients may obtain a copy of the Firm's proxy voting policies and procedures upon request.

B. No Authority to Vote Client Securities and Client Receipt of Proxies

Managed Account investors retain proxy voting authority for those assets not invested in the Funds. If requested by a Client, Stamos Capital may advise on how to vote a particular proposal, but will not have responsibility for casting the vote.

18. FINANCIAL INFORMATION

A. Balance Sheet

Pursuant to SEC instructions, the Firm is not required to include its balance sheet as part of this Brochure.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

The Firm is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.

C. Bankruptcy Filings

The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.