



Form ADV Part 2A

Brochure Cover Page

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This brochure provides information about the qualifications and business practices of Franklin Street Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at the address and phone number listed above.

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.

Additional information about Franklin Street Advisors, Inc., also is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 Summary of Material Changes

This section describes important updates to this document made since it was filed with the SEC on March 21, 2017. The information below represents what Franklin Street Advisors, Inc., views as the material changes to our disclosure.

Item 5 Fees and Compensation

This section has been updated to include a minimum annual fee of \$7,500 (for new accounts opened after April 1, 2018).

Item 14 Client Referral and Other Compensation

This section has been updated to include changes made to the Strategic Advisors compensation structure for termination of custodial affiliation.

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Franklin Street Advisors, Inc. (SEC No. 801-39635)

Item 4 Advisory Business

Franklin Street Advisors, Inc. (FSA), was formed in 1991 by Robert C. Eubanks, Jr., to provide independent strategic investment advice. FSA is a wholly-owned subsidiary of Franklin Street Partners, Inc. (FSP) a privately owned North Carolina C-corporation. Franklin Street Partners, Inc., is the holding company for this entity and two other private corporations, all in the wealth management business.

Franklin Street Advisors, Inc., specializes in delivering high touch investment management services to high net worth individuals and institutional investors with unique needs. We combine strong asset allocation skills and experience managing a wide network of clients to construct and deliver customized investment solutions formulated to address clients' unique goals and constraints.

FSA employs an open architecture platform to execute asset allocation solutions and provide clients access to a wide range of investment opportunities including global equity, opportunistic fixed income, commodities, real assets and alternative asset classes. FSA also provides managed separate accounts with in-house equity management, taxable and tax-exempt fixed income management. By combining our in-house resources with open architecture solutions, we seek to optimize our portfolio management services for our clients.

FSA is the investment advisor for Franklin Street Trust Company (FST), an affiliated NC chartered trust company. The combined assets of FSA and FST under management are \$2.2 billion as of December 31, 2017.

Item 5 Fees and Compensation

FSA charges an annual management fee (the "Annual Fee") based on a fixed percentage of assets under management. The Annual Fee is calculated under an incremental approach, with reduced fees applicable only to those account assets in excess of the relevant breakpoint. The Annual Fee is assessed quarterly in arrears, based on the market value of account assets as-of the last business day of the previous calendar quarter, prorated for asset flows. For accounts that begin at any time other than the beginning of a calendar quarter, the first management fee shall be prorated based on the number of days in the quarter. If an account terminates during a calendar quarter, a pro-rata fee will be assessed based on the number of days in the quarter the account was under management.

Where applicable, account asset values will be determined based on the trade date by an independent pricing service, where available, or otherwise in good faith at the value reflected on FSA's or the relevant custodian's books and records. The account asset value(s) used to calculate the Annual Fee may differ from that shown on the client's account statement(s) due to

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settlement date accounting, treatment of accrued income, distributions, and/or necessary adjustments.

FSA usually deducts fee from clients' assets, but a client can select to receive a bill for fees incurred.

FSA Fee Schedule

All assets \$5 million or less	1.00% annual fee
All assets over \$5 million	.75% annual fee
Minimum Annual Fee	\$7,500

Accounts below \$750,000 that are charged the minimum fee would experience a fee greater than the published fee schedule.

Fees are negotiable based on such factors as the size of the account and related accounts, and the relative expense of servicing the account. FSA may charge a fixed fee for certain advisory services or security recommendations. Clients or FSA can terminate the relationship at any time, subject to written notification.

Clients will incur brokerage fees, mutual fund expenses, and other transaction fees, depending on the makeup of account assets, in addition to the Annual Fee for asset management services. See section on Brokerage Practices for full explanation.

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

FSA does not currently charge performance-based management fees for any of its advisory services.

For a select number of clients, FSA is hired to provide due diligence on client directed investments. For a consulting relationship, FSA will be paid a flat fee or other negotiated fee. FSA may also manage assets on a discretionary basis for the same clients that pay a fee for consulting services.

Item 7 Types of Clients

Franklin Street Advisors, Inc., provides investment management services for: high net worth individuals, institutional investors, corporations, pension plans, non profit entities, trusts, and endowments. FSA may also provide investment advisory services for select model-based separately managed account programs of unaffiliated financial advisors. In these programs, we

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typically provide a model portfolio to the program manager, who is then responsible for executing transactions and coordinating account guidelines and restrictions with the underlying separate account client. In exchange for these services, we receive a fee from the unaffiliated financial advisor.

Minimum relationship size is \$1 million.

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

The Investment Committee meets at least quarterly to assess the current global investment environment and to formulate asset allocation strategies for equities, fixed income investments, and alternative investments.

FSA employs a dedicated team of analysts and portfolio managers that is responsible for sourcing and managing the firm's investment products. The investment team's members collectively offer extensive experience and knowledge. The firm employs a disciplined manager-research process, aimed at ensuring that its portfolio construction strictly follows each strategy's objective.

We have three recommended Strategic Asset Allocation models available for clients: Growth, Moderate, and Conservative. Each model has strategic and tactical allocations among Global Equities (Domestic Large Cap, Domestic Small Cap, Non-US Developed and Non-US Emerging), Global Fixed Income (US Treasuries/Agencies, Investment Grade, High Yield, Global Sovereigns, Non-US Developed, Non-US Emerging and Preferred Securities), Real Return Assets (Natural Resources/Commodities, Inflation Protected Securities and Real Estate), and Diversifying Assets.

In addition to our Strategic Asset Allocation models, Franklin Street Advisors also constructs portfolios for clients with specific investment mandates. Examples of specific investment portfolios are: Equity Income, Tax-Exempt Bond, and Unconstrained Fixed Income portfolios.

The strategies presented above pose risks, and many factors affect individual account performance. Strategies that pursue investments in equities will be subject to stock market volatility, and strategies that pursue fixed-income investments will see values fluctuate in response to changes in interest rates. All strategies are ultimately affected by impacts to the individual issuers, such as changes in issuer's credit quality, or changes in tax, regulatory, market or economic developments.

All investments in securities include a risk of loss of the principal invested amount and any profits that have not been realized. There is a risk that clients could lose all or a portion of their investments in any of the strategies. Financial markets fluctuate substantially over time. Although we do our best to manage and mitigate the risks, there will be some risks that we cannot control. We cannot guarantee any level of performance or that clients will not experience a loss in their account assets. FSA uses optimization tools to assist in the magnitude of our strategic and tactical positioning weights to minimize risk. We strive to achieve superior risk-adjusted returns,

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primarily through decreased portfolio volatility. Specific details of each Asset Allocation model is available upon request.

Item 9 Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Franklin Street Advisors, Inc., or the integrity of its management. Franklin Street Advisors, Inc., has no information applicable to this item.

Item 10 Other Financial Industry Activities and Affiliations

Franklin Street Trust Company (FST), an affiliate of FSA, is a private, non-depository trust bank chartered by the State of North Carolina and fully regulated by the State of North Carolina Banking Commission. Franklin Street Advisors, Inc., is hired by FST to provide investment management services for clients of FST.

FST is the Managing Member of FSP Manager of Managers LLC I and FSP Manager of Managers LLC II. A select group of clients that are accredited investors and qualified investors have become limited partners.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

FSA 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 Franklin Street Advisors, Inc., must acknowledge the terms of the Code of Ethics annually, or as amended.

Franklin Street Advisors, Inc., will, in appropriate circumstances, consistent with clients' investment objectives, recommend to investment advisory clients, the purchase or sale of securities in which Franklin Street Advisors, Inc., or its affiliates have a position or interest. FSA's employees and persons associated with FSA are required to follow Franklin Street Advisors, Inc.'s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FSA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for FSA's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of FSA 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

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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 materially not interfere with the best interest of FSA's clients. In addition, the Code requires pre-clearance 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 in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between FSA and its clients.

Certain affiliated accounts may trade in the same securities with client accounts when consistent with FSA'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. FSA 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.

FSA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting compliance@franklin-street.com.

Item 12 Brokerage Practices

Clients authorize Franklin Street Advisors, Inc., among other things, to select brokers for execution of transactions.

Franklin Street Advisors, Inc., has a fiduciary obligation to seek and obtain the best execution for clients under the circumstances of the particular transaction. FSA must execute securities transactions for clients in such a manner that the clients' total cost or proceeds in each transaction is the most favorable under the circumstances.

FSA considers a number of factors, including the execution capabilities required by the transactions, the importance to the account of speed efficiency and confidentiality, the broker dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold, the reputation and perceived soundness of the broker dealer, as well as other matters relevant to the selection of a broker dealer for portfolio transactions.

FSA has centralized its investment decision making and order placement practices in a manner designed to obtain consistent treatment across client accounts and best execution of client orders. The practice of "bunching" or block client orders is also practiced and is another means in which best execution is obtained.

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Commissions will vary based on account minimum balance, share quantity traded and executing brokers. FSA has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction. FSA generally seeks competitive commission rates; it will not necessarily pay the lowest commission. Transactions may involve specialized service on the part of the broker or dealer involved and thereby entail higher commissions than would be the case with other transactions requiring more routine services.

FSA obtains certain research services from broker-dealers in connection with the execution of security transactions. This practice is commonly known as soft dollar benefits. In the selection of broker-dealers for trade execution, we take into consideration not only the available prices of securities and rate of brokerage commissions, but also other relevant factors such as execution capabilities, research and other services provided by such broker-dealers that are expected to enhance our general portfolio management capabilities. If research services are a factor in selecting a broker-dealer, we must determine that the amount of commission paid is reasonable in relation to the value of the brokerage and research services provided by the broker dealer.

We can use soft dollar credits to pay for research products and services provided by or paid for by such broker-dealers. This creates an incentive for us to allocate more commission business to broker-dealers who provide research products and services than to broker-dealers who only effect securities transactions. These services include security research material, portfolio analysis software, security market technical data, similar services and other items that are permissible under Section 28(e) of the Securities Exchange Act. Clients who grant complete discretion over broker selection will, on occasion, be paying for research services used for servicing accounts other than themselves.

Section 28(e) permits FSA, under certain circumstances, to cause a client's account(s) to pay a commission to a broker in excess of the amount that would have been paid to another adequately qualified broker. In this circumstance, FSA would have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. Brokerage and research services that are provided under Section 28(e) include: advice as to the value of securities; the advisability of investing, purchasing or selling securities; and analyses and reports concerning issuers, industries, securities, economic factors and trends.

The following are a selection of investment-related services for which we compensate companies with soft dollars:

Equity and Fixed Income Research and Opinion

- Bank Credit Analyst

- CreditSights

System-Based Investment Analytical Tools

- Bloomberg

- Factset Economic and Technical Analytical Services

- ISI - Daily Economic Report

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Strategas

Exchange Quote Market Data

Reuters

New York Stock Exchange

Item 13 Review of Accounts

Accounts are under a continual review via a portfolio management system that values each portfolio. Each account is reviewed regularly by the Client Portfolio Strategist (CPS) responsible for the relationship to determine that investment objectives are being met. The CPS receives monthly evaluations of accounts and quarterly statistical performance comparisons with market indices.

All clients will receive at most monthly and at least quarterly account statements directly from a qualified custodian. On a quarterly basis, clients will receive a market outlook letter and a report detailing the performance of their account(s). Clients can also review account activity and holdings via a secure internet connection.

Client meetings will be held quarterly, semi-annually or annually based on the client's preference and will be devoted to reviewing performance, strategy, and any changes in goals and objectives with a supervised relationship manager. Additionally, special reports such as gain and loss, cash flows, capital appreciation, etc., will be available occasionally or regularly to any client with an expressed need for such reporting.

Item 14 Client Referrals and Other Compensation

Franklin Street Advisors sometimes compensates third party investment advisors who are unrelated to FSA for client referrals. Under this circumstance the fee paid to the investment advisors making the referral is between 10% and 25% of the client's assets under management.

In cases where clients are referred by supervised individuals related to brokerage firms, Franklin Street Advisors agrees to use the brokerage firm for transactions, if directed to do so by the client. Clients may pay higher commissions than otherwise incurred if FSA is directed to use a designated brokerage firm. A percentage of the annual advisory fees are remitted by FSA as compensation to the broker referring the client.

FSA participates in the Fidelity Wealth Advisor Solutions Program (the WAS Program), through which FSA receives referrals from Strategic Advisers, Inc. (SAI), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. FSA is independent and in no way affiliated with SAI or FMR LLC. The WAS Program is designed to help investors find an independent investment advisor, and any referral from SAI to FSA does not constitute a

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recommendation of FSA's investment management services. SAI does not supervise or control FSA, and SAI has no responsibility or oversight for FSA's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for FSA. FSA will pay an annual referral fee of .10% of all "Fixed Income Assets" and .25% of all other assets in the referred account to SAI. These referral fees are paid by FSA and not the client. Based on the fee structure that FSA pays to SAI, FSA has a conflict of interest with respect to its decision to use certain asset classes in the client's portfolio.

To receive referrals from the WAS Program, FSA must meet certain minimum participation criteria. Under an agreement with SAI, FSA has agreed that FSA will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the Service. FSA has agreed to pay SAI a one-time fee of .75% if FSA transfers custody of referred clients to a custodian not affiliated with SAI. Pursuant to these arrangements, FSA has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when FSA's fiduciary duties would so require; therefore, FSA may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit FSA's duty to select brokers on the basis of best execution.

These arrangements are fully disclosed to all parties involved and comply with Investment Advisors Act Rule 206(4)-3. Clients will not pay additional advisory fees as a result of a referral payment arrangement. No differential exists between the advisory fees payable to FSA for a referred client and the advisory fees payable by other clients.

FSA does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to an outside investment firm.

Item 15 Custody

FSA clients deposit the assets we manage on their behalf in accounts maintained by an unaffiliated third party custodian. Although we do not maintain direct custody, we act as investment advisor to certain private investment vehicles and therefore are deemed by the SEC to have custody of those assets. In order to avoid any potential conflict of interest that indirect custody of client assets may cause, private vehicles as described above are maintained with a "qualified custodian" and audited annually by an independent auditor who is a member of and subject to inspection by the Public Company Accounting Oversight Board (PCOAB) with such audits delivered to investors in compliance with the SEC's custody rule. FSA has established internal controls designed to help safeguard client assets. We separate portfolio management, operations and client service responsibilities. FSA Operations Group reconciles cash and holdings on a daily basis with the client's custodian. Clients receive a monthly statement from a qualified custodian that provides account information detailing all activity in related account(s). At least

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quarterly, Franklin Street Advisors sends portfolio investment reports based on the same accounts using a different presentation. FSA reminds clients to carefully review any statements or reports that they receive from FSA and compare them to the client reports provided by their custodian.

In addition, FSA has an Anti-Money Laundering Program that is reasonably designed to detect and prevent FSA from being used to facilitate money laundering or financial of terrorist activities and to achieve and monitor compliance with applicable AML laws.

Item 16 Investment Discretion

FSA only accepts investment advisory accounts with full investment discretion. Therefore, FSA will make all decisions with respect to the selection and amount of securities bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Franklin Street Advisors observes the investment policies, limitations and restrictions of the clients for which it advises. Each investment solution is formulated to address the individual client's goals and constraints.

Clients must provide any investment guidelines and restrictions in writing to FSA.

Item 17 Voting Client Securities

Clients normally delegate the authority to vote proxies for client securities to FSA in writing as a part of the investment management agreement. Except where prohibited by law, FSA, in its reasoned discretion, delegates some or all of the authority to third parties, including the authority to vote upon corporate events such as merger, consolidation, or tender offer. To avoid conflicts of interest, FSA currently contracts with an independent third party, Broadridge proxy service, which uses Glass Lewis & Co. (GLC), a leading institutional proxy analysis and recommendation firm. We vote in accordance with the recommendations of GLC unless we or our client expressly directs otherwise. If GLC does not provide a recommendation, our policy is to vote with management unless otherwise directed.

Clients can obtain a copy of FSA's complete proxy voting policies and procedures upon request. Clients also can obtain information about how FSA voted any proxies on behalf of their account(s) by contacting our Compliance Department.

Item 18 Financial Information

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Registered investment advisers are required in this section to provide certain financial information and disclosures about FSA's financial condition should certain conditions exist.

Franklin Street Advisors, Inc., has no financial commitments that are likely to impair its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. FSA does not require or solicit prepayment of client fees.