

## Item 1 – Cover Page



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March 31, 2011

This Brochure provides information about the qualifications and business practices of GLOBALT, Inc. (“GLOBALT”). If you have any questions about the contents of this Brochure, please contact Jonathan Kaufman, Chief Compliance Officer at (404) 720-5847 or by email at [jkaufman@synovus.com](mailto:jkaufman@synovus.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

Additional information about GLOBALT, Inc. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with GLOBALT who are registered as investment adviser representatives of GLOBALT.

## Item 2 – Material Changes

On July 28, 2010, the United States 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 dated March 31, 2011 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, Material Changes, 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 on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further 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 Jonathan Kaufman, Chief Compliance Officer at 404-720-5847 or [jkaufman@synovus.com](mailto:jkaufman@synovus.com). Our Brochure is also available on our web site [www.globalt.com](http://www.globalt.com), free of charge.

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#### Item 4 – Advisory Business

GLOBALT, Inc. (“GLOBALT”) is a federally registered investment adviser based in Atlanta, GA and a wholly owned subsidiary of Synovus Financial Corp., a publicly held company.

GLOBALT provides a variety of investment management services to individuals, corporations and institutions, banks and trust companies, pension and profit sharing plans, estates and trusts, charitable organizations, registered investment companies and other investment advisers. Clients select (or GLOBALT recommends) a particular investment strategy. Discretionary accounts are managed in accordance with the selected strategy, subject to any specific guidelines and restrictions imposed by the client.

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

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

GLOBALT manages wrap-fee accounts on behalf of affiliated and non-affiliated broker/dealers. Clients pay a single fee to the broker/dealer sponsor, which covers some or all of the following services: portfolio management, custody, administration, commissions and other costs incurred for trades executed by the sponsor. GLOBALT receives a portion of this fee. Subject to its duty to seek best execution for client transactions, GLOBALT will execute trades through the wrap-fee sponsor since the fee paid by the client already includes the cost of transactions. GLOBALT relies on wrap-fee sponsors and their financial advisors to fulfill certain responsibilities with regard to wrap-fee program clients. Generally, wrap-fee sponsors assume tasks such as: (1) client identification; (2) delivery of GLOBALT’s Brochure; (3) delivery of GLOBALT’s privacy notice; and, (4) ensuring GLOBALT’s products and services are suitable to the client’s investment objectives. For more information about each wrap-fee program, wrap-fee clients should review the sponsor’s ADV Part 2A - Appendix 1, Wrap-Fee Program Brochure, for program details, minimum portfolio size, fees and disclosures.

GLOBALT offers its model portfolios to third parties, such as other investment advisers, broker-dealers and other financial intermediaries through a Unified Managed Account (UMA) platform or similar structure. GLOBALT provides model changes and rebalancing triggers to these third parties but has no responsibility for implementing its recommendations or placing trades on behalf of participating accounts. In some cases, GLOBALT may agree to provide tools to third-party providers, such as an Investment Objective Questionnaire or Risk Tolerance Questionnaire that assists the participants in identifying the appropriate model portfolio to select.

GLOBALT is the sub-adviser to the Sentinel Georgia Municipal Bond Fund, advised by Sentinel Asset Management, Inc., and distributed by Sentinel Financial Services Company.

GLOBALT offers multiple equity, fixed income and asset allocation strategies. Within the team-based approach, the goal of the investment process is to strive to deliver competitive returns versus the appropriate benchmark. For ongoing management of each strategy below, the minimum portfolio size is listed. In our sole discretion, we may accept portfolios below these stated minimums. Wrap-fee clients may be subject to different minimum portfolio sizes.

## **Equity Strategies**

### Large Cap Core

This diversified equity portfolio consists primarily of large cap U.S. equities representing multiple sectors and/or industries and includes securities characteristic of the S&P 500 Index. Minimum portfolio size is \$1 million.

### Large Cap Core Growth

This diversified equity portfolio consists primarily of large cap U.S. growth equities representing multiple sectors and/or industries and includes securities characteristic of the S&P 500 Index. The strategy focuses on higher growth and lower income investments. Minimum portfolio size is \$1 million.

### Large Cap Opportunistic Growth

This diversified equity portfolio consists primarily of large cap U.S. growth equities representing multiple sectors and/or industries and includes securities characteristic of the Russell 1000 Growth Index. Minimum portfolio size is \$5 million.

### Mid-Cap Growth

This diversified equity portfolio consists primarily of mid-cap U.S. growth equities representing multiple sectors and/or industries and includes securities characteristic of the Russell Mid Cap Growth Index. Minimum portfolio size is \$5 million.

### Equity-Income

This diversified equity portfolio consists primarily of large cap U.S. equities and exchange-traded funds representing multiple sectors and/or industries and includes securities characteristic of the S&P 500 Index. The portfolio invests a portion of its assets in income-generating securities. Minimum portfolio size is \$1 million.

### Balanced

This diversified multi-strategy portfolio invests in both large cap U.S. equities and investment grade fixed income securities. The portfolio intends to maintain a 60% equity/40% fixed income allocation, although market and economic conditions may cause the allocation to vary. Minimum portfolio size is \$1 million.

## **Fixed Income Strategies**

### Short Term Fixed Income

This fixed income portfolio is managed and monitored for maturity and duration comparable to Barclays Capital 1-3 Year Government/Credit Index. These portfolios primarily invest in high

quality U.S. fixed income securities with average maturity between 1 and 3 years. Minimum portfolio size is \$1 million.

#### Intermediate Term Fixed Income

This fixed income portfolio is managed and monitored for maturity and duration comparable to the Barclays Capital Intermediate Government/Credit Index. These portfolios primarily invest in high quality U.S. fixed income securities with average maturity between 2 and 5 years. Minimum portfolio size is \$1 million.

#### Long Term Fixed Income

This fixed income portfolio is managed and monitored for maturity and duration comparable to the Barclays Capital U.S. Aggregate Index. These portfolios primarily invest in high quality U.S. fixed income securities with average maturity greater than 5 years. Minimum portfolio size is \$1 million in size.

#### Intermediate Term Government

This fixed income portfolio is managed and monitored for maturity and duration compared to Barclays Capital Intermediate Government Index. These portfolios primarily invest in U.S. government securities with average maturity between 2 and 5 years. Minimum portfolio size is \$1 million.

#### Short Term Government

This fixed income portfolio is managed and monitored for maturity and duration compared to Barclays Capital 1-3 Year Government Index. These portfolios primarily invest in U.S. government securities with average maturity between 1 and 3 years. Minimum portfolio size is \$1 million.

### **innovatETF Strategies®**

The innovatETF Strategies employ an asset allocation strategy primarily using exchange-traded funds (ETF). Portfolios are then constructed to meet the investment objective based on each portfolio's corresponding risk parameters. ETFs are selected to represent various asset classes, sectors and industries, such as:

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

#### Conservative

This diversified portfolio is designed for the more cautious investor, one with a lower risk tolerance and/or a shorter investment time horizon. The portfolio combines modest potential for capital appreciation with potential for principal protection by investing in a diversified portfolio, generally with a fixed income bias. Minimum portfolio size is \$100,000.

### Balanced

This diversified portfolio is designed for the investor who wants to achieve steady growth while limiting fluctuation to less than that of the overall stock market. The portfolio combines investments primarily in equity and fixed income exchange-traded funds to provide investors with balanced and varied exposure to the stock and bond markets. This portfolio is appropriate for investors who primarily seek long-term capital appreciation with a more moderate risk profile. Minimum portfolio size is \$100,000.

### Growth

This diversified portfolio is designed for investors with a relatively high tolerance for risk and a longer investment time horizon. The main objective of this portfolio is capital appreciation, and investors should be able to tolerate fluctuations in their portfolio values. While this portfolio will experience volatility similar to that of the equity markets, exposure to fixed-income markets may lower the volatility relative to an all-equity portfolio. Minimum portfolio size is \$100,000.

### High Growth

This diversified portfolio is designed for investors who have both a higher tolerance for risk and a long-term investment time horizon. The main objective of this portfolio is to construct a high growth portfolio. Investors should be able to tolerate substantial fluctuations in portfolio value from year to year. The portfolio seeks long-term capital appreciation through investments primarily in domestic and international equity exchange-traded funds. Minimum portfolio size is \$100,000.

### Income-Growth

This diversified portfolio is designed for the investor looking for income, with a secondary consideration of capital appreciation. The main objective of this portfolio is to temper volatility by exposure to dividend-paying securities. Minimum portfolio size is \$100,000.

### International Equity

This diversified portfolio is designed for the more speculative investor, one with a high risk tolerance and long investment time horizon. The portfolio is a diversified multi-country portfolio with exposure to both developed and emerging markets. Minimum portfolio size is \$100,000.

As of December 31, 2010, GLOBALT's assets under management were as follows:

Discretionary	\$1,251,600,000
Non-Discretionary	N/A
Assets Under Advisement*	<u>\$49,900,000</u>
 Total Assets Under Management	 \$1,301,500,000

*\*Assets Under Advisement include assets in programs where GLOBALT provides Model Portfolios but has no discretion to effect trades and no supervisory responsibility over the assets in the program.*

## Item 5 – Fees and Compensation

Clients pay GLOBALT a fee based on the value of assets in their account. Fees are charged quarterly based on the market value of the account and may be payable in advance or in arrears. While GLOBALT intends to charge fees in accordance with the standard fee schedule in place at the time of executing the investment management agreement, fees are subject to negotiation and may vary from the standard schedules to reflect circumstances that apply to a specific client account. The fee schedule, and any applicable terms and conditions as it relates to a particular client, is detailed in the client's investment management agreement.

The advisory fee covers only the portfolio management and advisory services provided by GLOBALT and does not include brokerage commissions, mark-ups and mark-downs, exchange fees, dealer spreads or other costs associated with the purchase and sale of securities, custodian fees, transfer fees, wire fees, interest, taxes, or other account expenses. All fees paid to GLOBALT for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or in conjunction with internal expenses associated with exchange-traded funds. The client will be solely responsible, directly or indirectly, for these additional expenses. Refer to Item 12 for a detailed discussion of brokerage practices.

Clients may, but are not required to, grant GLOBALT the authority to debit advisory fees directly from the clients' accounts. If the client authorizes GLOBALT to debit fees, GLOBALT is deemed to have custody of the client's funds. Clients will receive a statement, usually monthly but no less than quarterly, directly from their account custodian. GLOBALT urges clients to review the information on the statement for accuracy and compare the information to any reports received directly from GLOBALT. Please refer to Item 15 of this document for additional disclosures relating to Custody.

Investment management agreements may be terminated by either party, without penalty, in accordance with the terms and conditions stated in the advisory agreement. Any such termination will not affect either party's status, obligations or liabilities. If an account is terminated, the client will receive a refund of any pre-paid fees prorated based on the number of calendar days left in the quarter. Any unpaid investment management fees owed by the client will be due.

For discretionary investment advisory services, GLOBALT's standard fee schedules are as follows:

### Private Client Group – Non-Institutional Accounts

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

### Equity Strategies – Institutional Accounts

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



#### Fixed Income Strategies – Institutional Accounts

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

#### innovatETF Strategies® \*

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

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

With respect to wrap-fee programs, the program sponsor charges the client a fee based on assets under management. The fee typically includes portfolio management, execution, custodial and other services provided by the sponsor. GLOBALT receives fees ranging from 0.30% to 0.75% per year of the value of accounts participating in a wrap-fee program. For more information about each wrap-fee program, wrap-fee clients should review the sponsor's ADV Part 2A - Appendix 1, Wrap-Fee Program Brochure, for program details, minimum portfolio size, fees and disclosures.

Fees for Model Portfolio recommendations are negotiable and GLOBALT does not maintain a standard fee schedule for such services.

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

GLOBALT does not charge any clients a performance-based fee.

### **Item 7 – Types of Clients**

GLOBALT provides investment management services to individuals, corporations and institutions, banks and trust companies, pension and profit sharing plans, estates and trusts, charitable organizations, registered investment companies and other investment advisers.

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

With respect to wrap-fee programs, clients should consult the program sponsor for detailed information on the minimums and restrictions of each program.

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

GLOBALT has three primary investment advisory strategies: Equity, Fixed Income and innovatETF Strategies®. Each strategy is managed by one or more portfolio managers, supported by a team of research analysts, who collectively make up the Investment Policy Committee. The goal of the investment processes is to deliver consistent competitive returns versus the appropriate benchmarks for each investment strategy.

The **Equity** strategies utilize a three-step approach by incorporating quantitative, technical and fundamental analysis to identify the most appropriate securities for each investment strategy. For the quantitative analysis, GLOBALT begins with a proprietary database of over 10,000 companies, and scores the companies for historical and prospective growth and value in order to identify attractive companies with scores in the top 40% of the universe. GLOBALT continues with technical analysis to identify those companies with an attractive technical outlook, based upon relative strength by sector, by company and overall price trend analysis. Utilizing fundamental analysis, these portfolio candidates are then evaluated for global competitiveness, industry leadership, sector risks (including economic, political, regional risks) and company specific risks (including pricing valuations, product cycles, margins, legal, etc.) to determine potential additions to or deletions from the portfolios.

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

The **innovatETF Strategies®** utilize a proprietary asset allocation approach, developed by GLOBALT with the resources of Ned Davis Research. Our goal is to focus on and develop the appropriate asset allocation model portfolios and to actively rebalance those portfolios as market and economic conditions warrant. With both a strategic and tactical approach, the analysis and management processes focuses on actively maintaining the appropriate asset allocation mix relative to the risk levels associated with each strategy. The strategies invest primarily in exchange-traded funds (ETFs) representing various asset classes, sectors, industries, regions or countries required for each portfolio to meet its investment objective. GLOBALT begins with an assessment of major asset classes and approximately 150 external factors and variables (such as economic conditions, political, market sentiment, government policies and market indicators) are evaluated. The strategic approach allocates investments across multiple asset classes, including U.S. equities, fixed income, international equities, real estate, commodities/alternative investments and cash. The tactical evaluation considers country, market, sector, and asset class momentum. The analysis process along with a risk/volatility assessment determines the most attractive relative asset class weightings.

Investing in securities involves risk of loss that clients should be prepared to assume. GLOBALT uses its best judgment and good faith efforts in providing advisory services to clients. GLOBALT

cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by GLOBALT will be profitable. Investments in securities are subject to various market, currency, inflation, economic, political and business risks. GLOBALT attempts to minimize these risks by recommending diversified portfolios constructed to meet the specific goals and objectives of clients.

## **Item 9 – Disciplinary Information**

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

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

GLOBALT is a wholly owned subsidiary of Synovus Financial Corp., a multi-billion dollar bank holding company based in Columbus, GA. Synovus Financial Corp. provides integrated financial services including banking, financial management, insurance, mortgage, and leasing service. GLOBALT is under common control with the following entities that have material business arrangements with GLOBALT. Certain employees, directors and members of GLOBALT's executive management may also serve as employees, directors and/or executive management of these entities:

Synovus Securities, Inc.  
1137 First Avenue, 2nd Floor  
Columbus, GA 31902

Creative Financial Group, a division of Synovus Securities, Inc.  
1000 Abernathy Road, Suite 1500  
Atlanta, GA 30328

Synovus Trust Company, N.A. (a National Trust Company)  
1148 Broadway  
Columbus, Georgia 31901

GLOBALT manages accounts and/or provides other investment advisory services for clients of Synovus Trust Company, N.A. ("STC") under one or more service agreements. GLOBALT receives a fee from STC for providing advisory services to STC's clients.

GLOBALT is a portfolio manager in wrap-fee programs sponsored by Synovus Securities, Inc. ("SSI"). GLOBALT receives a portion of the wrap fee SSI charges to clients. SSI may also receive additional compensation directly from National Financial Services (NFS), the clearing firm used by SSI, on behalf of these accounts. NFS may pay SSI a percentage of the uninvested cash and/or the balance maintained in a money market sweep vehicle. GLOBALT does not receive any portion of these additional fees.

GLOBALT provides model portfolios to Creative Financial Group ("CFG"), a division of Synovus Securities, Inc. CFG retains all responsibility for implementation of the model in its clients' accounts

and pays a fee to GLOBALT based on the assets invested in the models. GLOBALT does not have any ongoing management or supervisory responsibility with respect to CFG client accounts.

Other than compliance personnel, no other GLOBALT employees are registered representatives of Synovus Securities Inc.

GLOBALT serves as sub-adviser to the Sentinel Georgia Municipal Bond Fund ("GA Muni Bond Fund"). The GA Muni Bond Fund is an open-end mutual fund that invests in investment grade municipal securities exempt from federal and Georgia-state income taxes. GLOBALT does not purchase, sell or otherwise recommend the GA Muni Bond Fund to clients. Affiliates of GLOBALT, such as Synovus Securities, Inc. or Synovus Trust Company, occasionally recommend the fund to their respective clients. GLOBALT receives no compensation other than investment advisory fees from Sentinel.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

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

GLOBALT's employees may purchase and sell securities for their own accounts that have also been recommended to clients. The Code is designed to ensure that the personal securities transactions and interests of the employees will not interfere with making decisions in the best interest of clients. Nonetheless, because the Code permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employees are required to get pre-clearance prior to executing transaction in certain securities. Certain investment transactions, such as Initial Public Offerings and Private Placements, may be prohibited or subject to the pre-clearance requirement. Employees are required to provide a quarterly report to the Chief Compliance Officer, or other designated person showing investment transactions in their personal accounts, as well as disclosing annually all securities held on their behalf. Certain securities are exempt from reporting based upon the determination that these would not pose any material conflicts. These reports are monitored regularly to reasonably prevent conflicts of interest between GLOBALT and its clients.

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting GLOBALT's Chief Compliance Officer, Jonathan Kaufman, at 404-720-5847.

## **Item 12 – Brokerage Practices**

Obtaining best execution is an important aspect of every trade that we place in client accounts. Best execution can be described as seeking the most favorable terms for completing client transactions considering all relevant circumstances at the time. GLOBALT has a Best Execution Committee that

administers our Best Execution Policy and provides oversight of its trading practices, including execution quality, soft dollars, directed brokerage, broker selection, and trade aggregation. The goal of the Best Execution Committee is to take a best practices approach to trading to ensure transactions are executed in a manner that is most beneficial to our clients.

GLOBALT selects broker/dealers for client transactions by seeking to obtain the best overall execution for the transaction. Commissions and related transaction costs are an important factor in this determination, but a number of other judgment factors may also be considered. These factors include, without limitation:

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

Brokers are evaluated by the Investment Policy Committee (IPC) and an approved broker list is developed to rank the brokers based on the quality of overall services provided by the broker. The Investment Policy Committee then sets targets for the approximate amount of commissions to direct to each broker. The Best Execution Committee oversees the broker selection process, including the review of commissions subject to any soft dollar arrangements. The Investment Policy Committee can revise the approved broker list by adding or deleting brokers as deemed necessary. In limited circumstances, traders are permitted to use brokers that are not on the approved list; however, trading activity is reviewed and monitored by the Best Execution Committee.

Section 28(e) of the Securities Exchange Act permits advisers to use soft dollars, whereas a portion of client commissions is used to purchase research and brokerage services that assist the adviser in managing client accounts. Under the soft dollar arrangements, GLOBALT receives both proprietary research created and developed by the brokers as well as third party research. The types of eligible research includes, but is not limited to: research reports on companies, industries and sectors; economic and financial data; financial publications; market data and quotations services; asset allocation; and portfolio analytics.

The following list describes specific research products GLOBALT receives with soft dollar benefits. The list is subject to change without notice.

- Vestek Systems: Advanced analytics used for portfolio modeling
- Baseline: Wall Street research and analytics, market data, security-level and portfolio-level analysis
- First Call: Earnings estimates, historic earnings
- Thomson One: Macroeconomic trends, analyst reports, earnings surprises and analyst revisions, corporate events
- Ned Davis Research: Equity and fixed income market data, sectors and industries, individual security analysis, asset allocation charts and asset class rankings.

GLOBALT recognizes that using client commissions for research products creates a conflict of interest because GLOBALT does not have to pay for the products. This may give GLOBALT an incentive to use a particular broker/dealer based on GLOBALT's interest in receiving the products rather than the client's interest in receiving the most favorable execution. Clients may pay more than the lowest available commission for executing a transaction in order for GLOBALT to receive these benefits. Nonetheless, GLOBALT believes the commissions paid by the client are reasonable in relation to the value of the research and brokerage services received from the broker/dealers and/or third-party providers.

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

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

When placing trades for directed accounts, GLOBALT seeks to ensure that, over time, no client or group of clients is disadvantaged by GLOBALT's trading practices. GLOBALT implemented a trade rotation schedule specifically pertaining to directed accounts that assigns each broker a position in the trading queue. Each week that position rotates such that the broker whose trades are executed first will subsequently be executed last the following week. This ensures that no client or group of clients is given preferential treatment. Likewise, no client or group of clients is consistently disadvantaged.

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

With respect to wrap-fee programs, GLOBALT will, subject to its duty to seek best execution, execute trades through the sponsoring broker. Since no additional commissions are charged to execute transactions through the sponsor, best execution is typically achieved through the sponsor.

In accordance with GLOBALT's goal to achieve best execution for client transactions and when appropriate to do so, GLOBALT will aggregate individual client orders into a larger order with the intention of achieving more favorable execution and preferential commission rates. When a trade is completed, each account participating in the trade may receive the average price of the transaction. In the event a trade is not filled in its entirety, GLOBALT will allocate shares to each



account participating in the trade on a pro rata basis. To the extent that the limited availability of a security would result in a de minimus allocation, GLOBALT may exclude those accounts from the order.

With respect to Initial Public Offerings (IPOs), it is unlikely GLOBALT will receive the entire allotment of shares requested. If GLOBALT receives at least 25% of the allotment of shares requested, shares will be allocated pro rata to all fully discretionary accounts within the investment strategy intended for the shares (i.e. Mid-Cap Growth, Large Cap Opportunistic Growth, etc.) If the allotment is less than 25% of the requested amount, GLOBALT will allocate shares based on the random selection feature in its trade order management system. This could result in some account receiving all shares requested, some accounts receiving a portion of the shares requested, and some accounts receiving no shares at all. To participate in any IPO, accounts must have the available cash at the time of the trade. GLOBALT will not allow an account to participate in an IPO and immediately sell the shares to cover the cost of the purchase.

When aggregating trades, executing brokers may use fee schedules that apply break points based on the size of the trade or they may impose a minimum ticket charge resulting in higher per share costs to the client. As a result, clients participating in the same transaction may pay different commissions.

### **Item 13 – Review of Accounts**

Each strategy is reviewed by the Portfolio Manager with support from a team of research analysts that collectively comprise the Investment Policy Committee (IPC). The IPC meets one or more times each week to discuss market-related issues, changes to companies in the GLOBALT universe, and to review the status of the managed strategies. The Portfolio Manager is responsible for ensuring that the investments selected comply with the investment objectives of the particular strategy. The Client Administration department regularly reviews cash flows and cash balances to identify accounts in need of rebalancing.

Clients receive account statements directly from their custodian usually monthly, but no less frequently than quarterly. GLOBALT also sends quarterly reports to clients that may include holdings, valuations and/or performance. Clients may request reports more frequently or as needed. Clients in a wrap-fee program typically receive reports directly from the wrap-fee sponsor. Depending on the program, GLOBALT may provide quarterly reports as well. GLOBALT urges clients to compare information contained in its reports with information contained in the report received directly from the account custodian.

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

GLOBALT may, from time to time, enter into agreement(s) with unaffiliated third party solicitors that refer clients to GLOBALT. In exchange for the referral, GLOBALT pays the solicitor a fee, which is usually a percentage of the fee paid by the referred client. Clients do not pay a higher investment advisory fee as a result of the referral. Solicitors are required to meet certain statutory qualifications and provide to each referred client a Solicitor's Disclosure Document which details the terms of the agreement, including the amount of the compensation, between the solicitor and GLOBALT.

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

GLOBALT has an agreement with Charles Schwab & Co., Inc., an unaffiliated broker-dealer ("Schwab") to participate in Schwab's AdvisorNetwork program. AdvisorNetwork is a referral service designed to assist Schwab clients in finding an independent investment adviser. GLOBALT agrees to pay Schwab a fee for participating in the Service. This fee covers all client referrals made to GLOBALT by Schwab, and may be increased, decreased or waived by Schwab from time to time. Clients referred by Schwab do not pay a higher fee as a result of the referral. Participation in AdvisorNetwork could cause a potential conflict of interest, as GLOBALT may be compelled to recommend Schwab for custody and execution services for clients referred by Schwab. Nonetheless, GLOBALT has a fiduciary duty to its clients and is obligated to act in the best interest of its clients at all times. Additional information about GLOBALT's brokerage practices is detailed in Item 12.

## **Item 15 – Custody**

GLOBALT does not maintain direct custody of client assets, but it does recognize that certain affiliates may have custody as directed by the client. Accounts associated with Synovus Securities, Inc. ("SSI") are generally held in custody at SSI, through SSI's clearing firm, National Financial Services, LLC. There are also clients whose assets are held in custody by Synovus Trust Company (STC). GLOBALT has determined that both SSI (through NFS) and STC meet the definition of qualified custodian. In addition, GLOBALT has "custody" because investment advisory fees are directly debited from client accounts. Debiting of fees is done pursuant to authorization provided by each client. The client account's custodian, such as NFS, furnishes account statements, usually monthly but not less than quarterly, directly to clients. Custodial statements include account holdings, market values and any activity that occurred during the period, including the deduction of applicable investment advisory fees. GLOBALT urges clients to carefully review their custodial statements for accuracy and compare those records to any report received directed from GLOBALT. Reports prepared by GLOBALT may vary from custodial statements based upon accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

## **Item 16 – Investment Discretion**

GLOBALT manages client portfolios on a discretionary basis. Clients grant GLOBALT discretion over their account by providing authorization in the investment management agreement. This discretionary authority authorizes GLOBALT to determine the securities to be bought or sold, the



amount of securities to be bought or sold, the broker or dealer used to execute trades and the commission rate paid by clients. Investment discretion is limited only by specific instructions, guidelines and/or mandates provided by clients in writing and to which GLOBALT agrees.

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

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

GLOBALT may choose to, but is not required to, vote proxies on a client's behalf. Clients that retain proxy voting responsibilities will receive all issuer communications from their custodian.

Upon written request by the client (including a "named fiduciary" under ERISA) or as required in plan documents, GLOBALT will vote proxies in accordance with GLOBALT's proxy policies. When the responsibility to vote proxies has been assigned to GLOBALT, our utmost concern is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). GLOBALT will act in a prudent and diligent manner intended to enhance shareholder value. In an effort to make more informed proxy voting decisions, GLOBALT hired Glass Lewis & Co. LLC to act as our proxy advisor. Glass Lewis provides GLOBALT with in-depth research on proxies issued by the companies in our clients' portfolios and voting recommendations for proposals contained in those proxies. GLOBALT has complete decision-making authority and instructs Glass Lewis whether to vote in accordance with or contrary to their recommendations. GLOBALT will vote proxies and act on other corporate actions in a timely manner as part of its full discretionary authority over client assets. Corporate actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings, and class actions.

In situations where a material conflict of interest arises between GLOBALT and an issue on the ballot (i.e., where GLOBALT or its affiliates have a financial interest in the outcome of the vote), GLOBALT, in accordance with the pre-determined proxy policy, would vote proxies based on the recommendation of our independent third-party advisor (Glass Lewis).

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

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

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