



Item 1 Cover Page

Part 2A of Form ADV Firm Brochure

Gratus Capital, LLC

3350 Riverwood Pkwy, Suite 1550

Atlanta, GA 30339

Phone: (404) 961-6000

<http://www.gratuscapital.com>

Date: March 18, 2016

This brochure provides information about the qualifications and business practices of Gratus Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (404) 961-6000 or via email at info@gratuscapital.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.

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

Please note that registration as an investment advisory firm does not imply a certain level of skill or training.

Item 2 Material Changes

In November 2015, Gratus became a participant in the TD Ameritrade AdvisorDirect program. TD Ameritrade established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. For additional information, please refer to Item 12 – Brokerage Practices.

Our Firm Brochure may be requested by contacting Amy Tierney, Chief Compliance Officer, at (404) 961-6000 or atierney@gratuscapital.com. It is also available on our web site at www.gratuscapital.com.

Item 3 Table of Contents

Contents

Item 1	Cover Page.....	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business.....	4
Item 5	Fees and Expenses	7
Item 6	Performance-Based Fees and Side-by-Side Management.....	8
Item 7	Types of Clients	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9	Disciplinary Information.....	10
Item 10	Other Financial Industry Activities and Affiliations.....	10
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12	Brokerage Practices.....	11
Item 13	Review of Accounts.....	15
Item 14	Client Referrals and Other Compensation	15
Item 15	Custody	17
Item 16	Investment Discretion	17
Item 17	Voting Client Securities	17
Item 18	Financial Information	17

Item 4 **Advisory Business**

About the Firm

Gratus Capital LLC (CRD # 173627), an investment advisory firm located in Atlanta, Georgia, succeeded to the advisory business of its predecessor, Gratus Capital Management, LLC (SEC # 801-65765) as of October 1, 2014, and will do business under the name Gratus Capital LLC. The predecessor's advisory business was founded in 2006.

The advisory services and management of Gratus remain the same; however the successor application reflects new ownership by Focus Operating, LLC. Gratus Capital LLC is a wholly-owned subsidiary of Focus Operating, LLC, which is a wholly-owned subsidiary of Focus Financial Partners, LLC, a Delaware limited liability company ("Focus"), www.focusfinancialpartners.com.

GC Partners, LLC ("GCP") provides management, supervision, oversight and operational support services to Gratus Capital LLC, pursuant to a Management Agreement between Focus and Gratus Capital LLC. The primary management team of Gratus Capital LLC and GCP includes Hank McLarty, Founder and President, Amy Tierney, Chief Compliance Officer and Director of Client Services, and Todd Jones, Director of Investments. Gratus Capital LLC is continuing the advisory business of the prior adviser in virtually all respects.

We are a member of the National Association of Personal Financial Advisors, a nationally recognized fee only adviser organization. We offer investment management services and financial planning. These services are described further in this section.

Investment Management Services

We provide investment management services on a discretionary and non-discretionary basis.

When offering this service, we review your current holdings and gather information about your financial situation including time horizon, tax status, net worth, cash flow and budget information, liquid assets, and risk tolerance. We develop a recommended target asset allocation based on these factors. We fulfill the target allocation using a custom combination of exchange traded funds, securities, mutual funds, and bonds. Once you are fully invested in the target investment allocation, we review the portfolio with you on a regular basis and rebalance back to the target allocation as needed.

If you desire investment advice on investments that are separate from the recommended target allocation portfolio described above, we provide investment advice on a non-discretionary basis. We provide the recommendations, and you decide whether or not to implement that advice.

As of December 31, 2015, the total amount of client investments that we managed on a discretionary basis was \$716,570,601, and our non-discretionary assets under management were \$85,681,495.

Define Investment Objectives and Constraints

Each investor has a unique combination of goals, time horizons, liquidity needs, tax circumstances, risk tolerances, and attitudes towards investing. The first step in both investment planning and management includes defining your investment objectives and constraints to determine investment strategy and which types of investments are appropriate.

Objectives and constraints include:

Objectives — the financial goals you are seeking to achieve (retirement, education, etc.).

Risk tolerance level — this is a measure of an investor's willingness, ability, and need to accept risk (i.e. loss of capital) when purchasing an investment.

Time horizon — this is a measure of the amount of time available to achieve a financial goal. Typical horizons for the individual investor include retirement and life expectancy.

Expected rate of return — the expected annual rate of return over the time horizon based upon risk tolerance.

Liquidity — the ability to convert an investment into cash without losing principal. It would be an important consideration if you have limited assets or short-term goals.

Marketability — the speed and ease with which an investment can be purchased or sold.

Taxes — considerations include your tax bracket, the type and amount of cash flow (interest, dividends, short- or long-term capital gain), and the type and amount of final distribution (short- or long-term capital gain). After-tax returns should be analyzed to assess which investments are appropriate.

Unique considerations — you may have limitations on what types of investments are suitable for your portfolio. For example, some investors would not own tobacco, alcohol, or casino companies, or international investments.

Develop Target Asset Allocation Strategy

Once an investor's objectives and constraints are defined, a target asset allocation strategy is developed to reflect risk tolerance and desired relative rate of return. Asset allocation is the distribution of investment dollars among various asset classes and the diversification of investments within each of those asset classes.

Portfolio Construction and Asset Location

Gratus constructs globally-diversified, multiple-asset-class portfolios. Portfolio construction is the selection of specific investment vehicles to fill the proposed allocations. Investments available include individual securities (stocks, bonds), mutual funds, or exchange-traded funds (ETFs).

Portfolio construction also incorporates careful asset location, which involves the strategic placement of your investments in taxable, tax-deferred, or tax-free accounts to achieve the highest level of tax efficiency.

Portfolio Monitoring and Rebalancing

Gratus monitors clients' investments and portfolios on an ongoing basis to ensure that assets are invested in a manner that is consistent with the original investment strategy and risk tolerance. This includes a periodic review of the strategic asset allocation to rebalance the portfolio by restoring it to the original target allocation, or to determine whether the allocation should be adjusted and the portfolio rebalanced to agree with the new allocation. A new allocation may be required for significant life changes that would cause an investor to reconsider financial objectives and constraints. Gratus also assesses the impact of taxes and transaction costs as a result of portfolio changes.

Performance Reporting

Gratus provides access to reports detailing portfolio asset allocation, holdings and performance. You will also receive monthly account statements and trade confirmations directly from the custodian.

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Investors face the following investment risks:

Interest Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

Inflation Risk: When any type of inflation is present, a dollar today may or may not buy as much as a dollar next year because purchasing power usually erodes at the same rate of inflation.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, which is a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Cash Withdrawals Risk: The need to sell the portfolio's holdings in order to meet a client's cash withdrawal requests could cause a loss when selling securities if the requests are unusually large or

frequent or occur in times of overall market turmoil or declining prices, or when the securities the portfolio manager wishes to sell or is required to sell are illiquid.

Financial Risk: Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Management Risk: The risk is that the investment strategy process and risk analyses applied by Gratus will produce the desired results and that legislative or regulatory developments may affect the investment techniques available to Gratus and the individual portfolio manager in connection with managing the portfolio. There is no guarantee that the investment objective of the portfolio will be achieved.

Financial Planning and Wealth Advisory Services

Gratus offers financial planning services to you. These services include assessing your present financial situation and assisting you in defining personal financial planning goals and objectives. Focus areas may include, but are not limited to cash flow planning, tax planning, retirement planning, estate planning, investment planning and education planning.

You have the option to execute or disregard any or all information, recommendation or advice we give. We agree to assist you with implementation of agreed upon recommendations, but you are fully responsible for all decisions relating to implementation of the advice given.

We do not prepare any accounting or legal documents for implementation of the financial plan. Any fees incurred for such professional services are your responsibility.

Item 5 Fees and Expenses

For our investment management services, we charge an annual fee, typically 1.00% to 1.50%, calculated as a percentage of the value of the Managed Portfolio account. Fees are negotiable. The fee is calculated and billed on a quarterly basis, in advance, based on the value of the Managed Portfolio account at the beginning of the first day of the calendar quarter.

We previously offered clients differing fee schedules, and some clients may still have their assets managed under those fee schedules. In the event the Managed Portfolio account is opened after the beginning of a calendar quarter, our policy is to prorate the fee based upon the days remaining in the quarter beginning with the execution date of the Investment Management Agreement.

This fee is exclusive of:

- (a) all commissions and other Portfolio transaction charges and any charge relating to the custody of securities in the Portfolio (see Item 12 for additional information regarding Brokerage Practices);
- (b) any advisory and other management fees and expenses described in the mutual fund prospectuses for mutual fund securities in the Portfolio that are paid by such mutual funds but are ultimately borne by the investor; and

(c) offering discounts, commissions and related fees in connection with underwritten public offerings of securities

We do not share in any third-party transaction fees, charges or commissions.

You may contribute additional assets to the Managed Portfolio account at any time. Fees on additional assets received into the Managed Portfolio account are prorated based upon the number of days remaining in the current quarter. Fees on withdrawn assets are refunded on a prorated basis based on the number of days during the quarter following the withdrawal of the assets. Fees will be debited directly from your Managed Portfolio account.

We may amend this Explanation of Fees by sending you thirty (30) days' notice.

Fees for Financial Planning & Advisory Services

The fees for Advisory Services are based on the complexity of your financial situation and the time expected to complete the agreed upon project. Factors considered when determining the fee and the complexity of the engagement include, but are not limited to the composition of your assets, liabilities, net worth and any special circumstances related to life changes, health or special estate needs. Fees are negotiable and typically range from \$2,500 to \$10,000 for twelve months of service and are payable in advance in either quarterly, semi-annual, or annual installments.

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

We do not offer performance-based fees; thus, this is not applicable to our business.

Item 7 Types of Clients

We work with individuals, families, high net worth individuals, retirement accounts, charities, and other businesses.

Our minimum account size for clients who wish to use our services is \$500,000; however, there may be times that we will accept a smaller account size based on various factors.

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

We may utilize the following methods of security analysis:

- Charting (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

We may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Different types of investments involve varying degrees of risk. It should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal to any specific performance level(s).

Our methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis we must have access to current/new market information. We have no control over the dissemination rate of market information. If we receive outdated information, it may limit the value of our analysis. Also, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that any recommendation will result in profitable investment opportunities.

Our primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, we may also implement and/or recommend options transactions for clients who have large concentrated stock positions. Generally, the purchase or sale, or the recommendation to purchase or sell an option contract by us is with the intent of producing income or offsetting/"hedging" a potential market risk in your portfolio.

Option transactions have a high level of inherent risk.

The use of options transactions as an investment strategy may involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract.

We usually invest in various individual equity (stocks), debt (bonds) and fixed income securities, closed-end mutual funds, exchange traded funds and preferred stock on a discretionary basis, consistent with your designated objectives. We may also engage in option strategies.

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 the evaluation of Gratus Capital or the integrity of our management. Gratus has no information applicable to this item.

Item 10 Other Financial Industry Activities and Affiliations

The following Wealth Advisors engage in business activities independent of their role at Gratus. Their outside activities are described below.

Scott Rutherford is a CPA who offers tax review and return preparation through Rutherford Consulting Group, LLC.

Having Mr. Rutherford's services available may create a conflict of interest in that our Associated Persons may have a financial incentive to recommend these services. You are under no obligation to use Mr. Rutherford's outside services.

These activities create a conflict of interest in that our Advisory Representatives have financial incentives to recommend additional products or services to you. We address these conflicts by doing the following:

We must disclose any potential or actual conflicts of interest when dealing with clients.

We are subject to the following specific obligations when dealing with clients:

- The duty to have a reasonable, independent basis for its investment advice;
- The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs, and circumstances; and,
- A duty to be loyal to clients.

FOCUS OPERATING, LLC and FOCUS FINANCIAL PARTNERS, LLC

The Registrant is part of the Focus Financial Partners, LLC ("Focus") network. As such, Gratus is a wholly-owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the "Focus Partners"). The Focus Partners provide wealth management, benefit and investment consulting services, serving individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds or limited liability companies as disclosed on their respective Form ADV, Schedule D.

Gratus' clients are not solicited to invest in any other Focus Partners' advisory services, and generally Focus Partners do not recommend securities, services, or other investment products of other Focus Partner Firms, unless so disclosed on their respective Form ADVs and with the clients' informed consent, nor are any transactions executed through another Focus Partner's affiliated broker dealer. Further, the

Focus Partners do not market their services or share client information amongst each other without prior client consent. Managers of other Focus Partners are not involved in the management of Gratus.

A list of the related person investment advisers and broker dealers can be found on Gratus' Form ADV Part 1, Schedule D, and additional information about Focus can be found at www.focusfinancialpartners.com.

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

Associated persons may buy or sell for their own accounts the same securities recommended to you. Associated persons may also recommend securities to clients in which they have proprietary interests, such as limited partnerships. They may do so at the same time as they, or a related person, buy or sell the same securities for their own account. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to you. We request information about all of our associates' transactions and monitor them for any wrongdoing.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations that the Advisor does not deem appropriate to buy or sell for clients. Under limited circumstances and with prior approval, Associate Persons may participate in Initial Public Offerings.

We have adopted a Code of Ethics to instruct personnel in their ethical obligations and to provide rules for their personal securities transactions. The Firm and our personnel owe a duty of loyalty, fairness and good faith to their clients, and the obligation to adhere not only to the specific provisions of the Code but also to the general principles that guide the Code. The Code covers a range of topics including general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV, and supervisory procedures. We will provide a copy of the Code to any client or prospective Client upon request.

Item 12 Brokerage Practices

Schwab Institutional

We may recommend that you establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of your assets and to effect trades for your accounts. We are independently owned and operated and not affiliated with Schwab. Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional. We are not required to further commit to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to us other products and services that benefit us but may not benefit your accounts. Some of these other products and services assist us in managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our fees from your accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at Schwab Institutional.

Schwab Institutional also makes available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to us by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While we endeavor to act in your best interests as a fiduciary, our recommendation that you maintain your assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab. This may create a potential conflict of interest.

For our accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. We do not share in the commissions charged to clients.

TD Ameritrade

Gratus participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Gratus receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, Gratus participates in TD Ameritrade’s institutional customer program, and Gratus may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Gratus’ participation in the program and the investment advice it gives to its clients, although Gratus receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Gratus participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and

discounts on compliance, marketing, research, technology, and practice management products or services provided to Gratus by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Gratus' related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Gratus but may not benefit its Client accounts. These products or services may assist Gratus in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Gratus manage and further develop its business enterprise. The benefits received by Gratus or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Gratus endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Gratus or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Gratus' choice of TD Ameritrade for custody and brokerage services.

Gratus may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Gratus may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Gratus, and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Gratus and has no responsibility for Gratus' management of client portfolios or for Gratus' other advice or services. Gratus pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Gratus ("Solicitation Fee"). Gratus will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Gratus from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hires Gratus on the recommendation of such referred client. Gratus will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Gratus' participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Gratus may have an incentive to recommend to clients that the assets under management by Gratus be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Gratus has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so.

Gratus' participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Choosing Brokers for Trading

If we deem it necessary, we will use discretionary authority to choose broker dealers other than the custodian to execute trades. Trades will be processed using the custodian's "trade away" service. Executions will be completed at the selected broker dealer, and then settlement will be completed through the custodian. This service could involve additional transaction costs, but we use our best efforts to consider any additional costs to the client when choosing to "trade away". The transactions will be reported on the custodial statements, and the securities are held directly with the custodian.

Aggregate Trading

We may "bunch" buy or sell orders for two or more clients into a single large order and place the bunched order with a single broker or dealer for execution. We are not obligated to place all transactions on a "bunched" basis. When determining whether to "bunch" orders, we rely on our judgment as to what course of action is likely to be fair and in the best interests of the relevant accounts on an overall basis. That is, we seek to avoid putting any client account at an advantage or disadvantage compared to our other client accounts that are buying or selling the same security.

We permit block trading when the following conditions are met:

Orders of two or more clients may be bunched only if we have determined on an individual basis that the securities order is:

1. In the best interests of each client participating in the order;
2. Consistent with our duty to obtain best execution; and
3. Consistent with the terms of the Investment Management Agreement of each participating client.

Where conducting a block trade, we will determine the accounts that will participate and the specific allocations in advance of the transaction. If the entire order is filled, you will receive your portion of the allocation specified on the trade ticket. All allocations are made prior to the close of business on trade date. Client accounts participating in the transaction will receive the weighted average price of the security and will incur a pro-rata share of the transaction cost.

If part of the order is unfilled, the allocation is based on a pro-rata share per client.

Our books and records separately reflect, for each client for whom an order is bunched, the securities held by, purchased, and sold for that client.

Soft Dollars

Gratus receives soft dollars through the Schwab relationship in the form of a credit towards the cost of third party software used for investment analysis. When client brokerage commissions are used to obtain research or other products or services, a benefit is received because Gratus does not have to produce or pay for the research, products or services. Gratus may have an incentive to select or recommend a broker-

dealer based on its interest in receiving the research or other products or services, rather than on its clients' interest in receiving most favorable execution. Clients do not pay higher commissions than those charged by other broker-dealers in return for soft dollar benefits. The soft dollar benefits received from Schwab service all clients' accounts, not just those that paid for the benefits.

Item 13 Review of Accounts

Account reviews are completed regularly by our Wealth Advisors and Investment Strategy Group. Amy Tierney, Chief Compliance Officer, Hank McLarty, Managing Director, and Todd Jones, Director of Investments, conduct quarterly account reviews. Each Wealth Advisor also conducts reviews of their client accounts at least quarterly. Account reviews are performed more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own financial situation.

You will receive statements at least quarterly from firms that custody your accounts. These statements show the transactions and holdings in the accounts as well as any deposits or withdrawals. You will also receive access to performance reports from us that detail the asset allocation and performance of your accounts, projected income, and other meaningful tracking information.

We urge you to compare the information you receive from us to the information you receive from the custodian of your assets.

Item 14 Client Referrals and Other Compensation

We do enter into referral agreements with individuals, called Solicitors, who refer us clients. Through these arrangements, we pay a monetary referral fee to the Solicitor based on a percentage of our advisory fee. This fee is paid based on a written agreement. If you are referred to us by a Solicitor who will receive a referral fee, then the specific information about the referral will be disclosed to you prior to or at the time you enter into an investment advisory agreement with Gratus.

Certain product sponsors will assist us in our marketing efforts. These sponsors may provide speakers or financial assistance for Client presentations. This relationship is not based upon the specific advice we give to you and does not relate to any achieved level of client investment in the products managed by the product sponsors.

Gratus receives client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Gratus may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Gratus, and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means

of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Gratus and has no responsibility for Gratus' management of client portfolios or Gratus' other advice or services. Gratus pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Gratus ("Solicitation Fee"). Gratus will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Gratus from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hires Gratus on the recommendation of such referred client. Gratus will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Gratus' participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Gratus may have an incentive to recommend to clients that the assets under management by Gratus be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Gratus has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Gratus' participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Periodically Focus Financial Partners, LLC ("Focus"), our parent company, holds partnership meetings and other industry and best-practices conferences, which typically include Focus firm and external attendees. These meetings provide sponsorship opportunities for asset managers, asset custodians, vendors and other third party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Gratus Capital, and facilitate access to our advisors and employees to discuss ideas, products and services. This could be deemed a conflict: the marketing and education activities conducted, and the access granted, at such meetings and conferences may lead advisors to focus on those conference sponsors in the course of their duties. Focus attempts to mitigate any such conflict by having the fees only go towards defraying the cost of such meeting or future meetings and not as revenue for itself or any affiliate. Conference sponsorship fees are not dependent on assets placed with any specific provider, or the revenue generated by asset placement.

Item 15 Custody

We have limited custody of client funds because we deduct fees from your accounts. An explanation of our fee calculations is available to you upon request. Additionally, the custodian of your assets (Schwab or TD Ameritrade) sends statements directly to you on at least a quarterly basis. You should carefully review those statements. If there are any issues with your custodian statements, please contact our Chief Compliance Officer, Amy Tierney, at (404) 961 6000 or by email to atierney@gratuscapital.com. The CCO is required to escalate any problems to senior management.

We also provide performance information, and we urge you to compare the account statements you receive from the custodian to the information you receive from us.

In addition to the limited custody described above, Gratus has custody over certain client accounts in order to facilitate additional services subject to the clients' written instructions.

Item 16 Investment Discretion

We request that you give us discretionary authority to manage your accounts by signing a written power of attorney. You may place reasonable restrictions on the types of securities or on specific securities that we may purchase or sell.

Item 17 Voting Client Securities

We do not vote proxies on your behalf. You retain that right unless you make other arrangements with the custodian of your assets. You will receive proxies or other solicitations directly from the custodian of your assets. You may contact us with questions about proxies.

Item 18 Financial Information

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you.