



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 10, 2017

This brochure provides information about the qualifications and business practices of Gratus Capital, LLC. If there are 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

The Form ADV Part 2A Brochure has been amended to reflect changes to Gratus' business in the following sections: Item 14 was updated to include additional details about solicitation agreements between Gratus and third parties, and to include information about conflicts that arise from sponsorship opportunities at Focus partnership meetings.

The Adviser's Firm Brochure may be requested by contacting Mark C. Burton, Chief Compliance Officer, at (404) 961-6000 or mburton@gratuscapital.com. It is also available online 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	9
Item 6	Performance-Based Fees and Side-by-Side Management.....	12
Item 7	Types of Clients	12
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9	Disciplinary Information.....	13
Item 10	Other Financial Industry Activities and Affiliations.....	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15
Item 12	Brokerage Practices.....	15
Item 13	Review of Accounts	19
Item 14	Client Referrals and Other Compensation	19
Item 15	Custody	22
Item 16	Investment Discretion	22
Item 17	Voting Client Securities	23
Item 18	Financial Information	23

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 does business under the name Gratus Capital LLC ("Gratus" or the "Adviser"). The predecessor's advisory business was founded in 2006, and Gratus is continuing the advisory business of the prior adviser in virtually all respects.

Gratus is a wholly-owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly-owned subsidiary of Focus Financial Partners, LLC, a Delaware limited liability company ("Focus"), www.focusfinancialpartners.com.

Pursuant to a management agreement between Gratus Capital LLC, Focus, and GC Partners LLC (the "Management Company"), the Management Company has agreed to provide persons to serve as officers of Gratus Capital LLC who, in such capacity, are responsible for the management, supervision and oversight of Gratus Capital LLC. The primary members of the Management Company include Hank McLarty, Founder and President, Amy Tierney, Director of Client Services, and Todd Jones, Director of Investments.

In May of 2016, Gratus acquired certain clients and assets managed by Marc Heilweil, formerly President and CIO of Spectrum Advisory Services, Inc. ("SAS"), a registered investment adviser also located in Atlanta, Georgia. These clients and assets included separately managed accounts, sub-advised accounts and the Marathon Value Portfolio, an open-ended mutual fund registered under the Investment Company Act of 1940, as amended. Mr. Heilweil, who joined Gratus Capital LLC as a Portfolio Manager, continues to manage these accounts and assets for Gratus.

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

Investment Management Services

Gratus provides investment management services on a discretionary ("Managed Portfolio") and non-discretionary ("Non-Managed Portfolio") basis.

When offering these services, Gratus reviews the client's current holdings and gathers information about the client's financial situation including time horizon, tax status, net worth, cash flow and budget information, liquid assets and risk tolerance. For the targeted allocation portfolio, Gratus will develop a recommended target asset allocation based on these factors and fulfill the target allocation using a custom combination of exchange traded funds, equities, mutual funds, and bonds. Once the client is fully invested in the target investment allocation, Gratus will review the portfolio on a regular basis with the client and rebalance back to the target allocation as needed.

If the client desires investment advice on investments that are separate from the recommended target allocation portfolio described above, Gratus will provide investment advice on a non-discretionary basis, and the client will decide whether or not to implement that advice.

As of May 2016, in addition to the discretionary targeted allocation portfolio and non-discretionary investment advice offerings, Gratus provides personalized investment management services to certain former SAS clients in a conservative disciplined value strategy that invests in portfolios of individual stocks and bonds. Gratus

also began providing investment management services to the Marathon Value Portfolio, (MVPFX), an open-ended broad market mutual fund with the objective of providing shareholders with long-term capital appreciation in a conservative disciplined value strategy. The Marathon Value Portfolio was formerly managed by SAS.

As of November 30, 2016, the total amount of client investments that Gratus managed on a discretionary basis was \$1,118,892,865, and non-discretionary assets under management were \$214,410,018. As of February 28, 2017, the total amount of client investments that Gratus managed on a discretionary basis was \$1,173,766,157, and non-discretionary assets under management were \$287,817,426.

Other Investment Types

In addition to equities and bonds, our investments are generally limited to the following securities:

Options

We occasionally use option transactions in conjunction with our day-to-day management of clients' equity investments. This is generally limited to selling covered calls. The clients own the stock and, in return for a premium, we sell to a third party the right to buy the stock at a certain price by a certain date. We usually do this for tax reasons to extend the holding period so our clients can get more favorable long-term capital gains tax treatment. When option prices are volatile, we have also sold covered calls to generate income for clients and to manage our sector exposures.

Mutual Funds and Exchange-Traded Funds

- **Mutual Funds and Exchange-Traded Funds**

Occasionally, we recommend investments in no-load, open-end mutual funds or exchange traded funds (ETFs) instead of individual equity or fixed income securities. We may deem this appropriate for diversification without investing in a portfolio of individual securities.

- **Marathon Value Portfolio**

We are also the Investment Adviser to a mutual fund, the Marathon Value Portfolio (ticker: MVPFX) (Marathon). Marathon is an advisory client of Gratus, and Gratus generally intends to manage Marathon according to the same strategy as that of many of its separate account clients. Depending on the prospective client or client's investment objectives and risk tolerance, we generally recommend Marathon for those advisory clients who have assets below our investment minimums or otherwise for clients and prospective clients who we believe would be better served by the diversification that we intend for Marathon to provide. For more information about the Marathon Value Portfolio, please refer to the Prospectus available at the Marathon website: www.marathonvalue.com.

Private Funds

Gratus is the Investment Manager of a private fund in which clients and others are solicited to invest, but is limited to accredited investors. The private fund generally invests in other private funds that focus on real estate related investments. The General Partner of the private fund is not under common control with Gratus. Interests in the private fund are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the private fund does not constitute

a complete investment program, and who fully understand and are willing to assume the risks involved in the private funds's investment program. The private fund's offering documents contain additional information that must be reviewed by any potential investor.

Sub-Advisory Relationships

We are the sub-adviser for clients of another investment adviser. The adviser pays us a portion of the fees that they collect from their clients. We manage the equities in these portfolios in a manner similar to how we manage equities for our own individual advisory clients.

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 the client's investment objectives and constraints to determine investment strategy and which types of investments are appropriate.

Objectives and constraints include:

Objectives — the financial goals the client seeks 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 the client has limited assets or short-term goals.

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

Taxes — considerations include the client's 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 — the client may have limitations on what types of investments are suitable for the client's portfolio. For example, some investors would not own tobacco, alcohol, or casino companies, or international investments.

Develop Target Asset Allocation Strategy

Once a client'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 Allocation

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

Portfolio construction also incorporates careful asset allocation, which involves the strategic placement of the client's 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 each client's portfolio of investments. For the discretionary targeted allocation portfolios, Gratus reviews 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. For the discretionary conservative disciplined value portfolios formerly managed by SAS, regular and quarterly reviews are performed and changes in investments occur when deemed appropriate. 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. The client will also receive monthly account statements and trade confirmations directly from the custodian.

Risks of Investing in Securities

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 to 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 clients. These services include assessing a client's present financial situation and assisting with 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.

Clients have the option to execute or disregard any or all information, recommendation or advice given. Gratus will assist the client with implementation of agreed upon recommendations, but the client is fully responsible for all decisions relating to implementation of the advice given.

Gratus does not prepare any accounting or legal documents for implementation of the financial plan. Any fees incurred for such professional services are the client's responsibility.

Item 5 Fees and Expenses

Fees for Investment Management Services

Gratus charges an annual fee for its investment management services, 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. Some fees are waived for family or friends of the firm.

The Adviser previously offered clients differing fee schedules and payment terms, including those former SAS clients, and some clients by agreement still have their assets managed under those fee schedules and payment terms.

In the event a Managed Portfolio account is opened after the beginning of a calendar quarter, Gratus' 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.

Gratus does not share in any third-party transaction fees, charges or commissions.

Clients may contribute additional assets to Managed Portfolio accounts at any time. Fees on additional assets received into Managed Portfolio accounts 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 the client's Managed Portfolio account.

As set forth in certain client investment management agreements, Gratus may amend a client fee schedule by providing the client 30 days written notice in advance of such change becoming effective.

Gratus clients who own shares in the Marathon Value Portfolio or invest in the private fund managed by Gratus will not be charged a management fee on the value of their shares of the Marathon Value Portfolio or partnership interest in the private fund in their accounts at Gratus. Those clients will, instead, incur the fee for investment advisory services charged by Gratus to the mutual fund or to the private fund itself. In other words, there will be no "layering of fees" in such circumstances.

Conflicts – Mutual Fund

We recognize the conflicts of interest in recommending the Marathon Value Portfolio instead of other investments to clients. These conflicts include:

- Our incentive to steer client assets into the fund to make it more attractive to the public with respect to asset-raising efforts;
- Growth in the fund allows for spreading fund expenses costs over a larger asset base. Gratus provides investment advisory services and pays most of the fund's expenses (with certain exceptions noted below) in return for a "universal fee." For its services to the fund, the Gratus is entitled to receive an annual fee equal to 1.10% of the fund's average daily net assets. This annual fee is more than the annual management fee paid by some clients for separately managed accounts. The fund, not Gratus, pays the following expenses: brokerage fees and commissions, indirect costs of investing in other investment companies, taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), extraordinary or nonrecurring expenses, such as litigation, and any 12b-1 fees. Asset growth in the fund may result in us receiving a greater percentage of the management fee after expenses, which is a benefit to us; Also, some Gratus employees own shares of Marathon in their own accounts, so they benefit financially from decisions that benefit the returns, fees, and expenses of Marathon.
- We occasionally use Marathon as a substitute for individual equities in client accounts instead of holding cash. There is an incentive for us to hold Marathon in client accounts, as the fund pays a higher management fee than some client accounts. To address these conflicts, depending on the prospective client or client's investment objectives and risk tolerance, we generally recommend Marathon for those advisory clients who have assets below our investment minimums and to those clients and prospective clients who we believe would be better served by the diversification that we intend for Marathon to provide.

Conflicts – Private Fund

Gratus receives a management fee in consideration for its management of the private fund described above in amounts described in the offering documents for the private fund. The management fee for the private fund is higher than the management fee clients pay for separately managed accounts.

Although the private fund focuses on real estate and related finance activities, Gratus client accounts may have investment objectives or may implement investment strategies similar to those of the private fund. In addition, some Gratus employees have investments in their own names in the private fund.

As a result of the foregoing, Gratus and its employees may have conflicts of interest in allocating their time, activity and investment opportunities between the private fund and other accounts. We may also have conflicts of interest in allocating investment opportunities. In the event of any potential conflicts of interest, including with respect to investment opportunities, Gratus and its members will act in the manner that we in good faith believe to be in the best interests of all clients and accounts. In the event that a conflict of interest does arise, such conflict should be resolved in a fair and equitable manner.

Gratus may give advice or take action with respect to other entities or accounts that differs from the advice given with respect to the private fund. In the event of any potential conflicts of interest due to any other investment or business relationship, Gratus will act in the manner which we in good faith believe to be in the best interests of all clients. In the event that a conflict of interest does arise, such conflict should be resolved in a fair and equitable manner.

Although the private fund focuses on real estate and related finance activities, Gratus provides services to client accounts and investment funds that may invest in the same types of securities as the private fund. Allocation decisions will be made fairly based on all available facts and circumstances. Where accounts have competing interests in a limited investment opportunity, Gratus does not typically allocate investment opportunities simply pro rata among funds and clients but rather allocates investment opportunities on the basis of numerous other considerations, including, without limitation, an account's cash flows, investment objectives and restrictions, participation in other opportunities, appropriate design and balancing of investment portfolios of such account, compliance with applicable laws, and tax concerns as well as the relative size of different accounts' same or comparable portfolio holdings.

Gratus receives different fees from the private fund, advisory clients, and the mutual fund, which could create a conflict of interest with respect to the allocation of investment opportunities. Portfolio Managers may also receive fees from other client accounts that they provide services to that are less than those charged to the private fund, which could also create a conflict of interest. In the event that a conflict of interest does arise, such conflict should be resolved in a fair and equitable manner. Where such investment opportunities involve Gratus and its employees, such decisions will also be made in accordance with the Code of Ethics at Gratus.

Furthermore, to the extent that the private fund makes an investment in the same Underlying Fund as advisory clients, such investment may be affected by the actions of the advisory clients.

Fees for our private fund and mutual fund are exclusive of brokerage commissions, custodial fees, transaction fees and other related costs and expenses. The private fund and mutual fund are also subject to administrative, tax preparation, consulting, legal, audit, and any other types of professional expenses. Please refer to the applicable offering documents or offering materials for more information.

Our clients may also pay IRA (or benefit plan) trustee fees and custodial fees if the client uses these services. The client may pay brokerage costs, and the amount will depend on the brokerage firm executing the client transactions.

Fees for Financial Planning & Advisory Services

The fees for Financial Planning & Advisory Services are based on the complexity of a client's 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 the client's 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

Gratus does not offer performance-based fees; thus, this is not applicable to Gratus' business.

Item 7 Types of Clients

Gratus works with individuals, families, high net worth individuals, retirement accounts, charities, and other businesses, including limited partnerships. The Adviser also serves as the investment manager of the Marathon Value Portfolio, an open-ended mutual fund, and as the investment manager of a private fund.

The minimum account size for clients who wish to use Gratus' services is \$500,000; however, Gratus will accept a smaller account size based on various factors.

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

The Adviser utilizes the following methods of security analysis for the discretionary targeted asset allocation portfolios:

- 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)

Gratus utilizes 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 (contracts for the right to purchase or sale 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).

The Adviser's 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, Gratus must have access to current/new market information. Gratus has no control over the dissemination rate of market information. If the Adviser receives outdated information, it may limit the value of Gratus' 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.

Gratus' 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, Gratus 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 the client's portfolio.

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.

Gratus usually invests in various individual equity (stocks), debt (bonds) and fixed income securities, open-end mutual funds, including the Marathon Value Portfolio, exchange traded funds, preferred stock and options on a discretionary basis, consistent with a client's designated objectives.

For the conservative disciplined value portfolios formerly managed by SAS, Gratus develops a thorough understanding of the strengths and weaknesses of the companies in which client assets are invested. The Adviser looks to invest long-term in companies that have strong businesses and managements, and unrecognized strengths. The adviser's Research consists of an intensive review of written materials, corporate and analytical conferences and electronic media, and continuous testing of investment hypotheses both by in-house resources and with other industry knowledgeable professionals.

Gratus stresses avoidance of loss not only as a means of reducing risk, but also as a means of increasing returns. Diversification is also utilized as a means of controlling risk. In addition, fixed income investments, both long and short-term, provide necessary current return and judicious alternatives to equities in ongoing market conditions.

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

Item 10 Other Financial Industry Activities and Affiliations

Employee Activities

The following Wealth Advisors employed by the Adviser engage in business activities independent of their roles 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.
- Marc Heilweil serves as General Partner of the RP Associates LLP. It is a limited partnership in which he and certain former SAS clients (now Gratus clients) and others invest.

Having Mr. Rutherford's services available may create a conflict of interest in that Gratus personnel have a financial incentive to recommend these services or additional products to clients. The clients are under no obligation to use Mr. Rutherford's outside services.

Having Mr. Heilweil serve as General Partner of a limited partnership in which he and certain Gratus clients are invested poses conflicts of interest that must be monitored to ensure that clients are not disadvantaged through their ownership participation in the investment alongside Mr. Heilweil.

Gratus addresses these conflicts by doing the following:

- Disclosing any potential or actual conflicts of interest when dealing with clients.
- Gratus is 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;
 - A duty to be loyal to clients; and,
 - A duty to ensure that no client is disadvantaged over another, including those holding proprietary assets.

Corporate Affiliations

As discussed previously, Gratus is a wholly-owned subsidiary of 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.

Gratus' clients are not solicited to invest in any other Focus Partners' investment products, and generally Focus Partners do not recommend securities, services, or other investment products of other Focus Partners, unless so disclosed on their respective Form ADVs and with the clients' informed consent. Further, no transactions are executed through another Focus Partner's affiliated broker dealer. Additionally, the Focus Partners do not market their services or share client information amongst each other without prior

disclosure to clients and receipt of their written consent. The management teams 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

Gratus permits its employees ("Associated Persons") to buy or sell for their own accounts the same securities recommended to clients. Gratus' policy permits such transactions to be made at the same time that transactions are being effected on behalf of client accounts. Associated Persons may also recommend securities to clients in which they have proprietary interests, such as limited partnerships. Pursuant to Gratus' policies, Associated Persons are prohibited from personally benefiting from the short-term market effects of their recommendations to clients. Associated Persons are required to report their investment holdings and disclose investment transactions periodically to the Adviser's designated personnel. Gratus reviews and monitors transactions and recommendations by Associated Persons for wrongdoing and conflicts of interest.

Associated Persons have received training pertaining to the misuse of 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 Adviser does not deem appropriate to buy or sell for clients. Under limited circumstances and with prior approval, Associated Persons may participate in Initial Public Offerings and invest in private placements.

Gratus has adopted a Code of Ethics (the "Code") that sets forth the standards of business conduct expected by the Adviser and the policies and procedures pertaining to personal securities transactions. It is the Adviser's policy that its 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. A copy of the Code is available to any client or prospective client upon request.

Item 12 Brokerage Practices

Schwab Institutional

Gratus recommends to some clients to establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer and member SIPC, to maintain custody of their respective assets and to effect investment transactions for their accounts. The Adviser is independently owned and operated and not affiliated with Schwab. Schwab provides Gratus 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 advisers 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. Gratus is 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 the Adviser other products and services that benefit Gratus and its clients but may not benefit individual client accounts. Some of these other products and services assist Gratus in managing and administering client accounts. The products and services include software and other technology that provide access to client 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 Gratus' fees from client 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 client accounts, including accounts not maintained at Schwab Institutional.

Schwab Institutional also makes available to Gratus other services intended to help us manage and further develop Gratus' 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 Gratus.

While Gratus endeavors to act in the best interest of its clients, recommending that clients maintain their assets in accounts at Schwab may be based in part on the benefit to the Adviser 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 client 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. Gratus does 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 advisers 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 recommends TD Ameritrade to some 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.

Amy Tierney, Gratus' Director of Client Services, participates in the TD Ameritrade Institutional Operations Panel (the "Panel."). The Panel consists of approximately twenty-four independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor and their experience with TD Ameritrade's service, technology and products. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for a three year term by TDA Institutional sales, service and senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses Registrant for the travel, lodging and meal expenses Registrant incurs in attending Panel meetings. The benefits received by Registrant or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Registrant's recommendation of TD Ameritrade for custody and brokerage services.

See also the description of TD Ameritrade's AdvisorDirect program, which is a national referral service discussed in Item 14: Client Referrals and Other Compensation, below.

See also the description of the Schwab Advisor Network, which is a national referral service discussed in Item 14: Client Referrals and Other Compensation, below.

Choosing Brokers for Trading

Gratus has the authority to select brokers to effect client transactions for certain accounts under its discretionary management, including the Marathon Value Portfolio. Gratus seeks to obtain the most favorable execution for each transaction. The lowest possible commission rate is sought, taking into account special circumstances and any special services offered by the brokers including research, soft dollars and other products and services which may be utilized by Gratus.

If necessary, Gratus will also use discretionary authority to choose broker-dealers other than the custodian to execute trades for accounts held at Schwab and TD Ameritrade. 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. However, Gratus has negotiated reduced "trade away" fees to minimize the cost difference to clients. The transactions will be reported on the custodial statements, and the securities are held directly with the custodian.

Gratus reviews trade executions at each custodian and broker on a regularly scheduled basis to evaluate the executions received and execution costs being paid by clients.

Aggregate Trading

Gratus aggregates or "bunches" some buy or sell orders for two or more clients into a single large order and places the bunched order with a single broker or dealer for execution. The Adviser is not obligated to place all transactions on a bunched basis. When determining whether to bunch orders, Gratus assesses what course of action is likely to be fair and in the best interests of the relevant accounts on an overall basis. That is, Gratus seeks to avoid advantaging or disadvantaging client accounts that are effecting like transactions in the same securities.

The Adviser permits bunched or block trading when the following conditions are met:

- Orders of two or more clients may be bunched only if Gratus has determined on an individual basis that the transaction is:
 - In the best interests of each client participating in the order;
 - Consistent with a duty to obtain best execution; and
 - Consistent with the terms of the Investment Management Agreement of each participating client.
- When conducting a bunched or block trade, Gratus will determine the accounts that will participate and the specific allocations in advance of the transaction. If the entire order is filled, each client receives 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 costs.
- If part of the order is unfilled, the allocation is based on a pro-rata share per client.

Gratus' 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. The soft dollar benefits received from Schwab service all clients' accounts, not just those that paid for the benefits. The soft dollar benefits do not affect the commission rate paid by clients.

Cross Transactions

In some instances, Gratus may utilize cross transactions when a current client liquidates their account, sells securities to raise cash or a change occurs in the client's tax status necessitating the sale of bonds. Cross transactions are employed when Gratus feels the security in consideration is attractively priced in the present market environment and that both sides will benefit from the transaction. Neither party to the cross transaction incurs any transaction costs. A cross transaction is done only if the price is at least equal to the best price that the seller and buyer could obtain in the current market, after consulting several brokers and obtaining bid/ask quotes to determine a fair price for the security. Typical securities considered for cross transactions are mortgage-backed securities, municipal bonds and corporate bonds. All cross transactions must be approved by Gratus' Chief Compliance Officer.

Item 13 Review of Accounts

Account reviews are completed regularly by Gratus Wealth Advisors and members of the Gratus Investment Strategy Group. 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.

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

Clients are urged to compare the information received from Gratus to the information received from the custodian of their assets.

Item 14 Client Referrals and Other Compensation

Gratus enters into referral agreements with third parties who refer clients to the Adviser ("Solicitors"). Through these arrangements, Gratus pays a monetary referral fee to the Solicitor based on a percentage of the advisory fee. This fee is paid based on a written agreement. If a client is referred to Gratus by a Solicitor who will receive a referral fee, then the specific information about the referral will be disclosed to the client

prior to or at the time an investment advisory agreement is executed with Gratus. Solicitation agreements inherently give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of advisory services. Gratus Capital LLC addresses these conflicts through this disclosure. If a client is introduced to Gratus by a solicitor, Gratus has agreed to pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any referral fees incurred for successful solicitations are paid solely from Gratus' investment management fee and do not result in any additional charge to the client. If the client is introduced to Gratus by a solicitor, the solicitor provides the client with a copy of Gratus' written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement, including compensation.

Certain product sponsors will assist Gratus in the company's marketing efforts. These sponsors may provide speakers or financial assistance for client presentations. These relationships are not based upon the specific advice given to clients and does not relate to any achieved level of client investment in the products managed by the product sponsors.

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.

Gratus receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Gratus' participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Gratus. Schwab does not supervise Gratus and has no responsibility for Gratus' management of clients' portfolios or Gratus' other advice or services. Gratus pays Schwab fees to receive client referrals through the Service. Gratus' participation in the Service may raise potential conflicts of interest described below.

Gratus pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Gratus is a percentage of the fees the client owes to Gratus or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Gratus pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Gratus quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Gratus and not by the client. Gratus has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Gratus charges clients with similar portfolios who were not referred through the Service.

Gratus generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Gratus generally would pay in a single year. Thus, Gratus will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Gratus' clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Gratus will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Gratus' fees directly from the accounts.

For accounts of Gratus' clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Gratus' clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Gratus may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Gratus nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Gratus' other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Gratus acquired certain accounts formerly managed by SAS that were referred by Cornerstone Management Inc. and managed under a sub-advisory agreement, entitling SAS to one half or more of the fees charged to the accounts. Gratus has entered into a sub-advisory agreement with Cornerstone Management Inc. with the same terms. Clients are not charged any additional fees by Gratus as a result of the sub-advisory relationship with Cornerstone Management Inc.

Gratus Capital LLC's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include Gratus Capital LLC, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Gratus Capital LLC. However, the meetings do 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. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Gratus Capital LLC to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of such meeting or future meetings and not as revenue for itself or any affiliate, including Gratus Capital LLC. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by asset placement. The following entities have provided conference sponsorship to Focus in the last year: Fidelity Brokerage Services, J.P. Morgan Asset Management, Charles Schwab & Co., Inc., and Lord Abbett & Co.

Item 15 Custody

Gratus is deemed to have limited custody of client funds because the Adviser has the authority to deduct fees from client accounts. An explanation of Gratus' fee calculations is available to the client upon request. Additionally, the custodian of their assets (Schwab or TD Ameritrade) sends statements directly to the client on at least a quarterly basis. The client should carefully review those statements. If there are any issues with custodian statements, please contact the Chief Compliance Officer, Mark Burton, at (404) 961 6000 or by email to mburton@gratuscapital.com. The Chief Compliance Officer is required to escalate any problems to senior management.

The Adviser also provides performance information to clients, and urges clients to compare the account statements received from the custodian to the information received from us.

In addition to the limited custody described above, Gratus has custody over certain client accounts in order to facilitate additional services, such as providing cash management services and/or when Gratus employees act as trustees for some clients, both of which are subject to the clients' written instructions.

Item 16 Investment Discretion

For Managed Portfolios, Gratus has full discretionary authority pursuant to the terms of the client investment management agreement to supervise, manage, and direct the assets in the Managed Portfolio

with complete and unlimited trading authorization and to act as attorney-in-fact and the client's agent to purchase, sell, invest, reinvest, exchange, convert, and trade the assets in the client's Managed Portfolio and to place all orders for the purchase and sale of securities with or through brokers, dealers, or issuers selected by Gratus, all without prior consultation with the client, and all at such times as Gratus deems appropriate. When necessary and appropriate client agrees to sign "limited powers of attorney" or "trading authorizations" as may be required by client's custodian. The client acknowledges that Gratus may determine to allocate all or a portion of the Managed Portfolio among various investment alternatives, including but not limited to interests in mutual funds, exchange traded funds, REITS, common or preferred stock, convertible stocks or bonds, option, warrants, rights, corporate, municipal or government bonds, notes or bills, or commodities. However, Gratus is not empowered to liquidate and/or disburse proceeds of Client's assets to anyone other than Client without express written direction of Client, other than for management fees, account opening fee or termination fees.

For Non-Managed Portfolios, Gratus does not have any responsibility whatsoever with respect to assets in such Non-Managed Portfolio. Gratus also does not have any responsibility to monitor and report on the performance of a Non-Managed Portfolio and the investments selected by the client.

Item 17 Voting Client Securities

The Adviser does not vote proxies on behalf of clients except under select circumstances whereby Gratus maintains proxy voting authority. Clients retain that right unless other arrangements are made with the custodian of their assets. Clients will receive proxies or other solicitations directly from the custodian of their assets. Clients may contact us with questions about proxies.

Gratus votes proxies for the Marathon Value Portfolio and certain sub-advised client accounts. As a fiduciary to the Mutual Fund and to these sub-advised client accounts, Gratus will vote proxies with the goal of maximizing shareholder value consistent with its proxy voting policy. A copy of Gratus' proxy voting policy is available upon request. The proxy voting reports for the Marathon Value Portfolio are also available upon request. The Fund's proxy voting record is additionally accessible on the SEC's website as the Marathon Value Portfolio's Form N-PX filing.

Item 18 Financial Information

Gratus has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.