

**Item 1. Cover Page**



**SA Stone Investment Advisors Inc.**

**Form ADV – Part 2A**

**SA Stone Investment Advisors Inc.**

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This brochure provides information about the qualifications and business practices of SA Stone Investment Advisors Inc. If you have any questions about the contents of this brochure, please contact us at (800) 589-2023. 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. Investment adviser registration does not imply a certain level of skill or training.

Additional information about SA Stone Investment Advisors Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

July 17, 2018

## Item 2. Material Changes

The last annual update to our Form ADV Part 2A Brochure, or “Brochure”, was filed December 22, 2017. The following is a summary of the material changes from the last annual update dated December 22, 2017:

- On page 4, we added the following language to the section titled “Advisor as Portfolio Manager (“APM”)”: We may allow access to our SA Stone Select Portfolios’ models to our Financial Advisors who provide services in the APM program. Financial Advisors have discretion over whether or when to implement model changes and accordingly, performance of an APM account following our models will vary from those invested directly in the SA Stone Select Portfolio models.
- On page 6, we added the following language to the section titled “Management Fees”: Clients with multiple Advisory Accounts having the same legal ownership should consider taking advantage our Unified Managed Account (“UMA”) structure which has a minimum Management Fee of \$300 per year.
- On page 6, we added the following language to the section titled “Internal fees/expenses of collective investment vehicles”: Certain mutual funds offer multiple share classes, each with varying levels of internal fees and expenses. When investing client assets in mutual fund shares it is our policy to invest in the lowest cost share class available to us for the client. The availability of a particular share class is sometimes unclear and often depends upon factors such as the size of the client’s investment in the fund, the client’s custodian, whether the fund’s sponsor is willing to grant a waiver, and the amount of aggregate client assets SASIA invests with the mutual fund, either generally or through a particular custodian. Our policy is to review existing client investments in mutual fund shares to seek to determine if a lower cost share class is available to the client, and if so, whether it is feasible and in the client’s interests to convert or exchange the client’s investment into the lower cost share class. We will conduct these reviews on a reasonable basis and generally not less than once a year. Even if a lower cost share class is available, the review may not succeed in detecting this or it may not detect this for up to a year after the fund investment is made or added to the client’s Advisory Account.
- On page 7 we added the following language to the section titled “Transaction Fees”: We typically do not negotiate transaction fees/commission rates for our clients who open accounts with unaffiliated custodians; you may be able to negotiate lower transaction fees and/or other charges than those available at our affiliated broker dealer(s).

The above is only a summary of the material changes. You are encouraged to read this Brochure in its entirety and ask your Financial Advisor any questions you may have.

In lieu of providing clients with an updated Part 2A Brochure each year, we may provide our existing advisory clients with a summary of material changes to the Brochure occurring since the last annual update. We will deliver a Part 2A Brochure or summary each year to existing clients within 120 days of the close of our fiscal year. Clients wishing to receive a complete copy of our then-current Part 2A Brochure may request a copy at no charge by contacting our compliance department at (205) 414-3367. If you have any questions regarding this Part 2A Brochure, please do not hesitate to contact your Financial Advisor.

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### Item 4. Advisory Business

This Part 2A Brochure relates to SA Stone Investment Advisors Inc. (“SASIA”, “we”, “us”, or “our”).

SA Stone Investment Advisors Inc. (formerly, Sterne Agee Investment Advisor Services, Inc.) is registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”) and has been providing financial services since December 2014. We are wholly owned by INTL FCStone Inc. (“INTL”), a publicly held financial holding company (Symbol: INTL).

We offer various asset management programs and consulting services (to be referred to interchangeably as “services” throughout this Part 2A Brochure) through our Investment Adviser Representatives (“IARs” or “Financial Advisors”). For more information about your Financial Advisor, you should

refer to your Financial Advisor’s Brochure Supplement. The Brochure Supplement is a separate document containing information about your Financial Advisor that your Financial Advisor will provide to you at or before the time you sign a contract for investment advisory services. If you did not receive a Brochure Supplement from your Financial Advisor, you may obtain one by contacting your Financial Advisor or by requesting one in writing, mailed to our home office address on the cover page of this Brochure or by e-mail to [sastoneexecutiveoffice@saswealth.com](mailto:sastoneexecutiveoffice@saswealth.com).

#### ***Asset Management Programs and Consulting Services***

We offer both discretionary and non-discretionary asset management programs (referred to as “programs” or “services” throughout this Part 2A Brochure). Our discretionary asset management programs allow us, or a 3<sup>rd</sup> party manager selected by you in consultation with your

Financial Advisor, to buy and/or sell securities in your account (“Advisory Account”) without first obtaining your approval. Discretionary programs are subject to applicable program guidelines and any reasonable investment restrictions you may impose (as discussed below). In contrast, in our non-discretionary asset management programs, we must obtain your approval prior to buying or selling securities in your Advisory Account. Asset management services are provided to you pursuant to a written agreement (the “Advisory Relationship Agreement”) that more fully describes the terms and conditions on which the services are provided.

During your initial consultations with your Financial Advisor, he/she will typically ask a comprehensive series of questions about your priorities and concerns, and/or you will complete a questionnaire intended to elicit information such as your investment objective, risk tolerance and time horizon. We review these parameters with you on an ongoing basis, modifying them as necessary.

Your portfolio can be customized to suit your investment needs and goals. You have the option of imposing reasonable investment restrictions on our discretionary asset management services, such as forbidding the purchase or sale of certain securities, industries, sectors or asset classes by providing us with written instructions when you open your Advisory Account or at any time thereafter. Such restrictions will be reflected in the investment guidelines or other documentation applicable to your Advisory Account. We will apply such restrictions based on our internal policies and/or those of our service providers, which may change without notice to you.

Once your Financial Advisor determines your investment objectives, risk tolerance, time horizon and other relevant factors, he/she will work with you to determine which of our programs (or combination of programs) is most appropriate for your investment needs.

Below is a summary description of our asset management programs:

#### Discretionary Asset Management Programs

- *SA Stone Select Portfolios (“SSP”)*: In this program, your investment strategy is implemented by us through our Investment Committee using one or more internal models selected by you in consultation with your Financial Advisor. These models are typically constructed using 3<sup>rd</sup> party mutual funds, exchange traded funds (“ETFs”), individual securities, or any combination

thereof, in accordance with the models’ investment guidelines. Minimum account size varies by model type, but is generally \$5,000 for ETF Models, \$15,000 for Fund Models, and \$100,000 for SA Stone Equity Models. We may waive minimum account sizes in our discretion.

- *Advisor as Portfolio Manager (“APM”)*: In this program, your Financial Advisor, in his/her discretion, will construct and manage your securities portfolio for you. Your Financial Advisor has access to a wide variety of securities from which to choose, including: U.S. and foreign stocks, bonds, options, American Depositary Receipts, foreign Ordinary Shares, open-end and closed-end funds, unit investment trusts (“UITs”), real estate investment trust (“REITs”), exchange-traded funds, and money market funds. Additionally, your Financial Advisor may provide discretionary asset management services with respect to precious metals (e.g., gold or silver coins) and sub-accounts of your variable annuity investments. We may allow access to our SA Stone Select Portfolios’ models to our Financial Advisors who provide services in the APM program. Financial Advisors have discretion over whether or when to implement model changes and accordingly, performance of an APM account following our models will vary from those invested directly in the SA Stone Select Portfolio models. Minimum account size is for APM is \$50,000. We may waive minimum account sizes in our discretion.
- *SA Stone Select Managers (“SSM”)*: This program allows you to choose, in consultation with your Financial Advisor, 3<sup>rd</sup> party managers to implement various investment strategies. You will maintain the sole ability to hire or fire such managers with or without consultation and/or recommendations from your Financial Advisor. We will not exercise discretionary authority in your Advisory Account. However, the manager(s) you select (or an overlay manager) will have full discretionary authority to buy and/or sell in your Advisory Account.

We offer three types of 3<sup>rd</sup> party manager: 1) Separate Account Managers; 2) Model Portfolio Providers; and 3) Strategists (Please also reference Item 8 for additional information).

Separate Account Managers (“SAMs”) are 3<sup>rd</sup> party managers that primarily invest in individual securities (e.g., equity securities and debt instruments) to create portfolios and fulfill their investment objectives.

Model Portfolio Providers are similar to SAMs in that they primarily involve investments in individual securities. A 3<sup>rd</sup> party manager (known as a “Model Portfolio Provider”) supplies a model securities portfolio to an overlay manager for implementation. When changes are made to the model, the Model Portfolio Provider supplies an updated model and the overlay manager implements the changes.

Strategists are similar to Model Portfolio Providers in that a 3<sup>rd</sup> party manager provides a model securities portfolio to an overlay manager. However, Strategists’ portfolios typically consist of “collective investment vehicles” such as mutual funds and ETFs and do not typically include individual securities such as stocks and bonds.

Minimum account size varies by manager type but is generally \$100,000 for SAMs and Model Portfolio Providers and \$10,000 for Strategists. We may waive minimum account sizes in our discretion.

- Co-Advisory Relationships. We have relationships with certain 3<sup>rd</sup> party investment advisors in which each of us act in an advisory capacity to you. In these relationships, we typically determine the suitability of the 3<sup>rd</sup> party investment advisor’s advisory program to you and act as the primary point of contact for client communications. You will either enter into separate agreements with each of us and the 3<sup>rd</sup> party money manager or a single agreement to which you, the 3<sup>rd</sup> party money manager and we are parties. In these relationships, you pay each of us and the 3<sup>rd</sup> party manager an investment advisory fee. The amount of the fee is disclosed in the investment advisory agreement(s). 3<sup>rd</sup> party managers may establish minimum account value or other account qualification requirements. Any such requirements will be disclosed in the 3<sup>rd</sup> party money manager’s Form ADV, Part 2A, Disclosure Brochure, which will be delivered to you before or at the time you enter into the advisory agreement.
- Solicitor Arrangements. We have relationships with certain 3<sup>rd</sup> party investment advisors for whom we solicit business. We refer you to the 3<sup>rd</sup> party manager, and the 3<sup>rd</sup> party manager will be responsible for determining that it’s advisory program is suitable for you and for providing discretionary asset management services to you. You will enter into an investment advisory agreement directly with the 3<sup>rd</sup> party manager, who will pay us a portion of the fees it receives for providing services to you. We will

provide you with a copy of the 3<sup>rd</sup> party manager’s Form ADV, Part 2A, Disclosure Brochure and a Solicitor’s Disclosure Statement at the time we make the referral. The Solicitor’s Disclosure Statement will, among other things, describe the compensation we receive.

#### Non-Discretionary Asset Management Programs

- Advisor as Financial Consultant (“AFC”): In this program, your Financial Advisor provides ongoing investment advice to you with regard to which securities to buy or sell in your Advisory Account. Because it is a non-discretionary program, no securities will be bought or sold without your advance approval. You can also make your own investment decisions (within program guidelines), to be implemented by your Financial Advisor. You and your Financial Advisor can choose from a wide variety of securities, including U.S. and foreign stocks, bonds, options, American Depositary Receipts, foreign Ordinary Shares, open-end and closed-end funds, unit investment trusts (“UITs”), real estate investment trust (“REITs”), exchange-traded funds, and money market funds. Additionally, your Financial Advisor may provide non-discretionary advice regarding investments in sub-accounts of your variable annuity investments. Minimum account size is \$25,000. We may waive minimum account sizes in our discretion.

Below is a summary description of our consulting services:

#### Consulting Services

- Financial Planning: We provide a financial planning services through our Financial Advisors utilization of approved financial planning tool(s) (a “Financial Plan”). Financial Advisors undertake a detailed discovery process, which includes a discussion of your financial resources and projected needs and may require the review of documents as necessary to evaluate your financial circumstances. Generally, this process seeks information about your current assets, liabilities, income sources and expenditures, current tax status and future objectives, educational, retirement, and other long-term financial goals, insurance, and estate planning needs. We rely on your care, completeness, and clarity in responding to this discovery process, as your input will form the factual basis for the Financial Plan. We do not require a financial plan in order to provide you any of our other services.

- **Financial Consulting:** Based on client requests, our Financial Advisors can offer consulting services at an hourly or fixed rate for financial-related matters (e.g., estate planning review, general investment education and advice, etc.).

Please note that our Financial Advisors may recommend utilizing a single program or service, multiple programs or services, or none of the programs or services described above. In any scenario, your Financial Advisor will tailor their recommendations to your investment objectives and risk tolerance.

#### **Wrap Accounts**

We do not offer wrap accounts.

#### **Client Assets**

As of March 31, 2018, SASIA had advisory assets under management of \$1,444,974,150, of which \$800,575,424 was managed on a discretionary basis and \$644,398,725 was managed on a non-discretionary basis.

### **Item 5. Fees and Compensation**

#### **Asset Management Programs**

**Management Fees.** The fee for our asset management services ("Management Fee") is negotiated between you and your Financial Advisor. There is a minimum Management Fee of \$200 per year per Advisory Account. Clients with multiple Advisory Accounts having the same legal ownership should consider taking advantage our Unified Managed Account ("UMA") structure which has a minimum Management Fee of \$300 per year. The maximum annualized Management Fee that can be charged to you is two and one-half percent (2.50%) of the dollar value of assets maintained in your Advisory Account. Note, however, that the minimum Management Fee may exceed the maximum annualized Management Fee for accounts with balances of less than \$8,000 (*i.e.* 2.50% x \$8,000 = \$200). The exact fee or fee schedule charged to you is disclosed to you in the Advisory Relationship Agreement or similar agreement used by a 3<sup>rd</sup> party manager.

Our Management Fees are based upon the dollar value of your Advisory Account (we may agree to exclude the value of "non-advised" assets we agree to hold in your account) and are typically calculated quarterly or monthly in advance. We may agree to calculate our Management Fees quarterly or monthly

in arrears, or based upon other factors and arrangements, on an exception basis.

Typically, Management Fees are automatically deducted from your Advisory Account(s) according to an authorization provided in the Advisory Relationship Agreement or through a letter of authorization to the custodian of your Advisory Account. In certain circumstances, you may arrange for the Management Fee for a specific Advisory Account to be deducted from another account or to have us bill you directly by invoice.

The Management Fee is paid to us, and, after deduction of certain internal charges, we typically share approximately ninety percent (90%) of the Management Fee with your Financial Advisor. Your Financial Advisor may further share the Management Fee with his or her branch manager or another representative for supervision or administrative support services.

When we collect Management Fees in advance, if your Advisory Relationship Agreement is terminated prior to the end of the billing period, we will refund a prorated portion of the Management Fee to you.

**Other Fees and Expenses.** In addition to the Management Fees described above, you will be subject to other fees and expenses in connection with our Asset Management Programs.

*Internal fees/expenses of collective investment vehicles.* To the extent that your portfolio is invested in collective investment vehicles, such as mutual funds, ETFs and variable annuities, you will be subject to the fees and expenses of those investments. A description of those fees and expenses can be found in the applicable prospectus or other offering document. 12b-1 fees paid by mutual funds are generally not retained by your Financial Advisor, but may be retained by our affiliated broker-dealer(s) when consistent with fiduciary principles. Where we are providing discretionary asset management services to a retirement account, any 12b-1 fees received by your Financial Advisor or our affiliated broker-dealer(s) are rebated to the retirement account.

Certain mutual funds offer multiple share classes, each with varying levels of internal fees and expenses. When investing client assets in mutual fund shares it is our policy to invest in the lowest cost share class available to us for the client. The availability of a particular share class is sometimes

unclear and often depends upon factors such as the size of the client's investment in the fund, the client's custodian, whether the fund's sponsor is willing to grant a waiver, and the amount of aggregate client assets SASIA invests with the mutual fund, either generally or through a particular custodian. Our policy is to review existing client investments in mutual fund shares to seek to determine if a lower cost share class is available to the client, and if so, whether it is feasible and in the client's interests to convert or exchange the client's investment into the lower cost share class. We will conduct these reviews on a reasonable basis and generally not less than once a year. Even if a lower cost share class is available, the review may not succeed in detecting this or it may not detect this for up to a year after the fund investment is made or added to the client's Advisory Account.

**Brokerage Account Fees.** Your Advisory Account may be subject to costs and charges such as electronic fund and wire transfer fees, IRA fees, and/or account transfer fees, as imposed by the broker-dealer where your account is held. These costs and charges are typically set out in the schedule of account fees to your brokerage account.

**Mark-ups.** Broker-dealers acting in a principal capacity may mark-up the price of a security and retain the "spread" between the cost of purchase and price of sale. Neither we nor our affiliated broker-dealer(s) will act in a principal capacity with respect to transactions in your Advisory Account unless we receive your consent on a transaction-by-transaction basis.

**Transaction Fees.** We typically do not negotiate transaction fees/commission rates for our clients who open accounts with unaffiliated custodians; you may be able to negotiate lower transaction fees and/or other charges than those available at our affiliated broker dealer(s).

Advisory Accounts opened at our affiliated broker-dealer, SA Stone Wealth Management Inc., will be charged a transaction fee of \$5.00 per transaction (the "Fixed Cost Transaction Fee"). Qualifying accounts may elect to pay an assets-based fee for transactional activity (the "Assets Based Transaction Fee") up to certain levels (refer to the chart below). The Fixed Cost Transaction Fee and the Assets Based Transaction Fee are collectively referred to as the "Transaction Fee". Your Financial Advisor does not receive any portion of the Transaction Fee. Your Financial Advisor may, in his or her discretion, elect to pay the Transaction Fee out of his or her portion of the Asset Management Fee.

The Assets Based Transaction Fee is as follows:

#### **APM, SSM, AFC Programs**

Minimum Account size: **\$100,000**

Transactions before \$5 per fee: **100 per year**

<b>Breakpoint</b>	<b>Maximum Fee</b>
First \$250,000	0.15%
Next \$250,000	0.10%
Next \$500,000	0.05%
Over \$1,000,000	0.02%

#### **SSP Program**

Minimum Account size: **\$100,000**

Transactions before \$5 per fee: **50 per year**

<b>Breakpoint</b>	<b>Maximum Fee</b>
First \$250,000	0.10%
Next \$750,000	0.05%
Over \$1,000,000	0.03%

Both types of Transaction Fee involve potential conflicts of interest more fully described below.

The Fixed Cost Transaction Fee raises a potential conflict of interest because the compensation earned by our affiliated broker-dealer increases as we increase the amount of trading in your Advisory Account. Accordingly, we may have an incentive to effect more transactions in your account than are in your best interest. This conflict is mitigated because your Financial Advisor's compensation is not affected by the levels of transactional activity in your account.

The Assets Based Transaction Fee raises a potential conflict of interest because the profitability of your account to our affiliated broker-dealers is greater when there is limited or no transactional activity and less profitable when there are high levels of trading activity. Accordingly, we may have an incentive not to effect transactions in your account even though doing so would be in your best interest. The imposition of a per transaction charge above certain levels of transactional activity mitigates this conflict. SASIA has procedures in place to monitor Transaction Fees for suitability.

Which type of Transaction Fee is more favorable to you will depend on the dollar value of your Advisory Account and the frequency with which your Advisory Account will be traded. The Assets Based Transaction Fee may be more favorable for Advisory Accounts having a low qualifying balance that expect to have significant trading activity.

For example, an APM account utilizing the Assets Based Transaction Fee and having a \$100,000 balance would pay a minimum of \$150 in Assets Based Transaction Fees and can have up to 100 transactions without additional cost. If trading activity is expected to be less than 30 trades per year, the client is, at least as well off, if not better off paying the Fixed Cost Transaction Fee (30 trades x \$5 = \$150). Similarly, an SSM account with a \$375,000 balance would pay a minimum of \$500 in Assets Based Transaction Fees (\$250,000 x 0.15% = \$375; \$125,000 x 0.10% = \$125; \$375 + 125 = \$500) and, accordingly, would need to expect not less than 100 transactions per year for the Assets-Based Transaction Fee to be appropriate (100 trades x \$5.00 = \$500). You should discuss which type of Transaction Fee is most appropriate for you with your Financial Advisor.

You should expect a minimum amount of trading activity to occur as a result of our providing you with ongoing consulting and investment advice. While a specific number of trades in any given time period is difficult to forecast, we anticipate that a minimum of 2-3 trades will occur annually. You should be aware that the process of rebalancing your portfolio may result in higher numbers of transactions for accounts holding greater numbers of securities. **In certain circumstances, Transaction Fees may exceed advisory fees.**

There will be certain execution costs, such as charges intended to approximate the amount our affiliated broker-dealers expect to pay directly or indirectly to FINRA, the NYSE or other trade reporting market centers where your order is executed, that are not included in the Fixed Cost Transaction Fee or Assets Based Transaction Fee and may be charged to you. If transactions are effected through a broker-dealer other than an affiliated broker-dealer, you may be charged additional charges.

Trading Away and Step-Out Trades. If you participate in the SSM Program and elect to utilize a Separate Account Manager, or SAM, the SAM may determine to direct trades away from our affiliated broker-dealer (known as “trading away” or “step-out trades”) when they conclude that they will get best execution for the transaction through a broker-dealer that is not our affiliate. This may be due to the types of securities that the SAMs are buying or selling, or because the SAM is aggregating our client trades with other non-SASIA client trades, or for some other reason determined in the sole discretion of the applicable SAMs. You should take these costs into consideration when selecting the affected portfolios.

*Types of Securities Traded.* SAMs whose portfolios consist primarily (or substantially) of fixed income securities are more likely than not to trade away from our affiliated broker-dealer. This means that clients investing in such portfolios will likely incur execution costs in addition to Asset Management Fees and Transaction Fees.

*Trade Aggregation.* SAMs typically manage client accounts for multiple sponsors using the same strategy and may also manage other directly sourced accounts side-by-side with sponsor accounts. In certain cases, the SAM may decide to aggregate all such client transactions into a block trade that is executed through one broker-dealer rather than separately through each participating sponsor. Aggregating all transactions into a single block may enable the SAM to exercise more control over the execution, including (for example) potentially avoiding an adverse effect on the price of a security that could result from simultaneously placing a number of separate, successive, or competing client orders.

Applicable regulations generally require each 3<sup>rd</sup> party manager to consider, when determining the execution venue for client trades, the execution costs that participating clients will incur in connection with a proposed trade. The executing broker for a step-out trade may impose a commission or a markup or markdown (that is, the execution costs are embedded in the price of the security) on the trade, while in other cases, the step-out trade may be executed without additional execution costs.

*Information on 3<sup>rd</sup> Party Managers in SSM.* A list of SAMs that informed us that they traded away or intend to trade away from our affiliated broker-dealer during 2017 is set forth below. You should contact your Financial Advisor to obtain specific information about a SAM’s trading away practices.

A SAM’s past trade away practice is not a guarantee that the SAM will follow the same practice in the future. It is possible that SAMs not listed below will trade away from our affiliated broker-dealer(s).

3<sup>rd</sup> Party Managers who traded away:

- Boyd Watterson Asset Management, LLC



- Laffer Investments, Inc.
- RNC Genter Capital Management

### ***Consulting Services***

You may pay fees for Consulting Services based on an hourly rate ("Hourly Billing") or based on an annual fixed dollar cost ("Fixed Cost Billing"). Fees for our consulting services may be negotiated, and you may pay more or less than the fees set forth below or than similar clients. We may, in our discretion, offer certain clients lower fees, provide lowest available fee arrangements, or in some cases, waive fees entirely for Consulting Services.

Consulting fees are negotiable with your Financial Advisor. The Consulting Service fee is paid to us, and, after deduction of certain internal charges, we typically share ninety percent (90%) of the Consulting Service fee with your Financial Advisor. Your Financial Advisor may further share the Consulting Service Fee with his or her branch manager or another representative for supervision or administrative support services.

**Financial Planning.** The maximum Fixed Cost Billing rate for a Financial Plan is generally \$5,000 for clients with less than \$10 million in assets included in the Financial Plan and may be up to \$10,000 if more than \$10 million in assets are included. The maximum Hourly Billing consulting fee is \$500/hr.

We will confirm our financial planning fee arrangements through a Planning Solutions Financial Planning Agreement. As reflected in the agreement, you may elect to pay the fee by check or by deducting the fee from an eligible account designated by you. Hourly Billing and Fixed Cost Billing for the Financial Plan is generally payable in one lump sum upon delivery of the Financial Plan, although alternative arrangements may be also approved by us. Generally, the fee is not applied if you terminate your request for a Financial Plan prior to the delivery of the Financial Plan.

**Financial Consulting.** The maximum Fixed Cost Billing fee for a Financial Consulting project is generally \$10,000. The maximum Hourly Billing consulting rate is \$500/hr.

We will confirm our Financial Consulting fee through a Consulting Solutions Financial Consulting Agreement. As reflected in the agreement, you may elect to pay the fee by check or by deducting the fee from an eligible account designated by you. The Hourly Billing fee for Financial Consulting arrangements is typically payable on a monthly basis at the agreed to rate until completion of the project. The

Fixed Cost Billing for Financial Consulting is generally payable in one lump sum upon completion of the project, although alternative arrangements may be also approved by us.

### ***Compensation for the Sale of Securities and Other Investment Products.***

Most Financial Advisors associated with us are also associated with our affiliated broker-dealer, SA Stone Wealth Management Inc. Your Financial Advisor may also sell insurance products. Accordingly, your Financial Advisor may be able to receive compensation for the sale of securities or other investment products. Incurring ongoing asset management fees can cost more than if the assets were purchased and held in a traditional brokerage account where you are charged a commission for each transaction; however, your Financial Advisor has no duty to provide ongoing advice with respect to a traditional brokerage account. If you plan to follow a buy and hold strategy or do not wish to receive ongoing asset management services, you should consider opening a brokerage account rather than an Advisory Account.

We typically do not permit Financial Advisors to earn compensation for the sale of securities or other investment products included in our Asset Management Programs; however, we recognize that your needs may change, and we may permit assets on which your Financial Advisor earned sales compensation to become subject to an asset management fee in certain circumstances, typically after the passage of time. Accordingly, your representative may receive both sales compensation and advisory fees on some assets placed under our management.

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

We are not compensated through performance based fees. Performance based fees are fees that can be charged based upon a share of capital gains on or capital appreciation of the client's assets. As stated in Item 5 above, our Management Fees are based on your Advisory Account's dollar value and are not dependent upon whether or not your Advisory Account gains value.

### **Item 7. Types of Clients**

The clients to whom we generally provide investment advisory services include individuals, corporations and other business

entities, pension or profit sharing plans, trusts, estates, and charitable organizations.

To open or maintain an Advisory Account with us, clients are required to sign an agreement that, among other things, details the nature of our obligations and the authority given to us. Other applicable requirements for opening or maintaining an account with us, such as minimum account size and minimum fees, are discussed in Item 4 (Advisory Business) and Item 5 (Fees and Compensation) above.

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

### ***Methods of Analysis and Investment Strategies***

Your Financial Advisor generally will start our relationship with you by meeting with you to determine your investment goals and objectives through a comprehensive series of questions about your priorities and concerns, and/or you will complete a questionnaire intended to elicit information about your investment objective, risk tolerance and time horizon. The information obtained will serve as a primary point of reference to ensure that your objectives are clearly defined. Your Financial Advisor will then recommend an asset allocation and/or investment strategy that is designed to meet your goals and objectives. This overall strategy may include investments in strategies managed us, 3<sup>rd</sup> party managers or unaffiliated sub-advisors, and include a variety of investment options (e.g., U.S. and foreign stocks, bonds, options, American Depositary Receipts, foreign Ordinary Shares, open-end and closed-end funds, eligible unit investment trusts (“UITs”), exchange-traded funds, money market funds, public real estate investment trusts (“REITs”), or any combination thereof).

In conducting security analysis, we use a broad spectrum of information obtained from numerous sources including, but not limited to, the following:

- Financial publications
- Research materials prepared by other individuals or companies
- Corporate rating services
- Annual reports, prospectuses, filings with the SEC
- Company press releases
- Meetings with Portfolio Managers

### ***Significant Investment strategies***

#### **Stone Select Portfolios (“SSP”)**

Our Investment Committee manages a series of discretionary investment models constructed utilizing mutual funds, ETFs or individual securities. The models are generally constructed as diversified portfolios designed to meet various client objectives. The portfolios vary by objective and may provide exposure to fixed income as well as equity markets across a range of capitalizations and styles. In certain cases, the portfolios may be all equity, or all fixed-income, in nature. Allocations can also include exposure to other or alternative asset classes such as real estate and typically provide exposure to domestic as well as international markets.

#### **Stone Select Managers (“SSM”)**

As described in Item 4 above, we offer an investment program that primarily utilizes 3<sup>rd</sup> party managers who will have investment discretion over your Advisory Account assets or who provide model portfolios to an overlay manager who exercises discretion in your account to implement the model(s). 3<sup>rd</sup> party managers offer numerous investment management styles and strategies and may be used individually or in combination with other 3<sup>rd</sup> party managers or individual investments (such as mutual funds and ETFs) to build portfolios designed to meet client objectives.

As discussed in Item 4, we refer to 3<sup>rd</sup> party managers whose model portfolios typically consist primarily of investments in securities of individual operating companies (e.g., equity securities and debt instruments) as “Model Portfolio Providers”, and we refer to 3<sup>rd</sup> party managers whose model portfolios typically consist primarily of investments in collective investment vehicles, such as mutual funds, ETFs and UITs, as “Strategists.” We cannot guarantee that the performance of Advisory Accounts following Model Portfolio Provider and/or Strategist models will directly match performance of the underlying strategies due to execution processes that neither we nor our Financial Advisors can control, such as delays in timing between receipt of a change to a model portfolio and the overlay manager’s execution of trades to implement the change.

### ***Material Risks for Significant Investment Strategies and Particular Types of Securities***

Investing in securities involves risk of loss that you should be prepared to bear, and all investment programs have risks that may lead to loss. We offer advisory services across a broad range of strategies and investment types and do not primarily recommend any strategy or particular type of security to our clients. Below is a summary of material risks that may be faced

when investing in securities and/or following investment strategies.

The information contained in this Part 2A Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to a particular Advisory Account. Rather, it is a general description of the nature and risks of the strategies and securities and other instruments that may be included in a client's Advisory Account. Clients should be satisfied that such financial instruments are suitable for their Advisory Account in light of their circumstances, their investment objectives and their financial situation.

#### General Risks

All of our strategies may be subject to the following general portfolio risks:

*Concentration Risk*—The risk that if an Advisory Account concentrates its investments in issuers within the same country, state, industry or economic sector, an adverse economic, business or political development may affect the value of the Advisory Account's investments more than if its investments were not so concentrated. Also, to the extent an Advisory Account invests a larger percentage of its assets in a relatively small number of issuers or concentrates its assets in investments in the same asset class, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Advisory Account may affect the overall value of the account more than it would affect an account that holds more investments.

*Counterparty Risk*—An Advisory Account may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions.

*Emerging Markets and Growth Markets Risk*—In addition to the risks described in "—Non-U.S. Securities Risk" below, investing in the securities of governments in emerging markets involves certain considerations not usually associated with investing in securities of developed market companies or countries including, without limitation, political and economic considerations, the potential difficulty of repatriating funds, general social, political and economic instability and adverse

diplomatic developments, the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility, and certain government policies that may restrict an Advisory Account's investment opportunities. Further, the economies, industries, securities and currency markets in emerging markets or growth markets may be adversely affected by protectionist trade policies, a slow U.S. economy, regional and global conflicts and terrorism and war, including actions that are contrary to the interests of the U.S.

*Frequent Trading and Portfolio Turnover Rate Risk*—The turnover rate within the Advisory Account may be significant. Frequent trades typically result in higher transactions costs, including potentially substantial brokerage commissions, fees and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an Advisory Account could have an adverse effect on the performance of the Advisory Account.

*Investment Style Risk*—Different investment styles tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. Advisory Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. SASIA may modify or adjust its investment strategies from time to time.

*Leverage Risk*—If an Advisory Account utilizes leverage, the Advisory Account will be subject to heightened risk. Leverage may take the form of trading on margin. Any leverage may result in the Advisory Account's market value exposure being in excess of the net asset value of the Advisory Account. An Advisory Account may not be able to liquidate assets quickly enough to repay its borrowings, which will increase the losses incurred by the Advisory Account.

*Liquidity Risk*—The risk that an Advisory Account may make investments that may be illiquid or that are not publicly traded and/or for which no market is currently available or that may become less liquid in response to market developments or adverse investor perceptions. Additionally, an Advisory Account may invest in private funds and generally will not be able to redeem their capital account balances or withdraw their interests, and there will be no active secondary market

for the interests. Moreover, investors may not, directly or indirectly, sell, assign, encumber, mortgage, transfer, or otherwise dispose of, voluntarily or involuntarily, any portion of their interests without the private fund's consent, which may be granted or withheld in its sole discretion.

*Management Risk*—The risk that a strategy we use may fail to produce the intended results for an Advisory Account.

*Market Risk*—The value of the instruments in which an Advisory Account invests may go up or down in response to the prospects of individual companies, particular industry sectors or governments and/or general economic conditions.

*Non-U.S. Securities Risk*—Non-U.S. securities may be subject to risk of loss because of less government regulation, less public information and less economic, political and social stability in the countries of domicile of the issuers of the securities and/or the jurisdictions in which these securities are traded. Loss may also result from the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. In addition, an Advisory Account will be subject to the risk that an issuer of the non-U.S. sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay the principal or interest when due. These risks might be heightened if the Advisory Account invests in emerging markets or growth markets.

*Fixed Income Risks*— Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.

*ETF and Mutual Funds Risk*— ETFs and mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of our investment strategies will be higher than the cost of investing directly in ETFs or mutual funds, as there are two levels of fees. ETFs and mutual funds are subject to specific risks, depending on the nature of the fund.

ETFs are professionally managed pooled vehicles that invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. ETF managers trade fund investments in accordance with fund investment objectives. ETF risk can be significantly increased for funds concentrated in a particular sector of the market, or that primarily invest in small cap or speculative companies, use leverage (i.e., borrow money) to a significant degree, or concentrate in a particular type of security (i.e., equities), rather than balancing the fund with different types of securities.

ETFs can be bought and sold throughout the day like stocks, and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lag versus the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day); however, there is no guarantee this relationship will always occur.

*Volatility Risk*—The prices of an Advisory Account's investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies. Advisory Accounts may be adversely affected by deteriorations in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and have other adverse effects. Deteriorations in economic and financial market conditions, and uncertainty regarding economic markets generally, could result in declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for Advisory Accounts, could prevent Advisory Accounts from successfully meeting their investment objectives or could require Advisory Accounts to dispose of investments at a loss while such unfavorable market conditions prevail. While such market conditions persist, Advisory Accounts will also be subject to heightened risks associated with the potential failure of brokers, counterparties and exchanges, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

All of our strategies may be subject to the following other general risks:

- *Dependence on Key Personnel*—Advisory Accounts may rely on certain key personnel of our affiliates. The departure of any of such key personnel or their inability to fulfill certain duties may adversely affect our ability to effectively implement the investment programs of the Advisory Accounts.
- *Legal, Tax and Regulatory Risks*—SASIA and certain of its Advisory Accounts are subject to legal, tax and regulatory oversight. There have been recent legislative, tax and regulatory changes and proposed changes that may apply to the activities of SASIA and managers to which we allocate client assets that may require material adjustments to the business and operations of, or have other material adverse effects on, Advisory Accounts. Any rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which may negatively impact the performance of Advisory Accounts.
- *Operational Risk*—The risk that an Advisory Account may suffer a loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures.

#### **Item 9. Disciplinary Information**

Neither we nor our management personnel have been the subject of any legal or disciplinary events within the last ten years that is material to a client's or prospective client's evaluation of our business or integrity. In the ordinary course of our business, we and our employees may become subject to formal and informal regulatory inquiries, subpoenas, investigations, and legal or regulatory proceedings, involving the SEC, other regulatory authorities, or private parties. Additional information about our investment advisory affiliates is contained in Part 1 of our Form ADV.

For information relating to other affiliates, please visit [www.sastonewealth.com](http://www.sastonewealth.com) and [www.intlfcstone.com](http://www.intlfcstone.com).

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

##### ***Material Relationships with Affiliated Entities***

Our management persons and substantially all our Financial Advisors are also registered or associated with our SA Stone Wealth Management Inc. ("SASWM"), a broker-dealer registered with the SEC and FINRA. SASWM is an "introducing broker" and utilizes the execution, clearing and custody services of INTL FCStone Financial Inc. ("IFCF"), also a broker-dealer registered with the SEC and a member of FINRA. SASIA, SASWM, and IFCF are wholly owned by INTL FCStone Inc. (NASDAQ: INTL).

We receive certain technology, record keeping, and administrative and support services from our broker-dealer affiliate(s). Your Financial Advisor may recommend that you utilize the brokerage services of our affiliated broker-dealers, and we typically require that you utilize the brokerage services of our affiliated brokers if you desire to participate in our SSM, SSP, APM and AFC programs (except where your Financial Advisor is exercising discretion over sub-accounts in a variable annuity).

Because of our common ownership, we have a financial incentive to recommend and/or require that you use the services of our affiliated broker-dealers. As discussed in Item 5 above (Fees and Compensation), affiliated broker-dealers will receive various forms of compensation arising out of your use of their services.

SASWM or IFCF may offer "non-purpose" loans to their clients, whereby either IFCF or a third-party provides a loan to you for a purpose other than purchasing securities, and you pledge your Advisory Account as security for the loan. SASWM and IFCF receive compensation in connection with these loans, either in the form of revenue sharing from third-party lenders or in the form of interest charged directly to you.

##### **Insurance Company or Agency**

SASWM operates as an insurance agency and/or has been authorized to sell insurance products of numerous unaffiliated insurance companies. Many of our Financial Advisors are also licensed and appointed to sell insurance products. SASWM and your Financial Advisor may share any compensation generated through the sale of insurance products.

#### Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor

Our affiliate, INTL FCStone Financial Inc. is a member of the National Futures Association and is registered as a futures commission merchant and commodity trading advisor and is approved as a swap firm. We do not provide advice regarding commodities, swaps or futures (although we may provide advice with respect to single security futures).

#### ***Relationships with 3<sup>rd</sup> Party Advisors***

As described in Item 4 and above, we may recommend 3<sup>rd</sup> party managers to you. Some 3<sup>rd</sup> party managers are available to us through 3<sup>rd</sup> party platform providers (e.g., Investnet or SEI). We and/or our Financial Advisors may benefit when certain asset thresholds are reached through a reduction in fees charged. We have referral fee relationships with some 3<sup>rd</sup> party managers whereby they agree to provide us with a portion of the revenues they receive for providing services to you. (See Item 14 for additional detail).

Our Financial Advisors may have an economic incentive to recommend some 3<sup>rd</sup> party managers to you over others because they retain more of the Management Fees charged to you with respect to some managers than they do other managers. For example, the cost associated with accessing a 3<sup>rd</sup> party managers available through a 3<sup>rd</sup> party platform provider is typically passed on to your Financial Advisor. Accordingly, your Financial Advisor may have an economic incentive to refer you to a 3<sup>rd</sup> party manager for which there is no such “platform fee” or to refer you to a 3<sup>rd</sup> party manager on a platform with a lower platform fee relative to another platform. Alternatively, your Financial Advisor may seek to increase the amount of your advisory fee in order to retain his/her desired amount of compensation.

We have adopted policies and procedures designed to assure that any 3<sup>rd</sup> party managers recommended to you are suitable for your investment needs.

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

##### ***Code of Ethics and Personal Trading***

We have adopted a Code of Ethics (the “Code”) under Rule 204A-1 of the Advisers Act designed to provide that our Personnel, and certain additional Personnel who support us,

comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code imposes certain restrictions on securities transactions in the personal accounts of covered persons to help avoid conflicts of interest. Subject to the limitations of the Code, covered persons may buy and sell securities or other investments for their personal accounts, and may also take positions that are the same as, different from, or made at different times than, positions taken for Advisory Accounts. We will provide a copy of the Code to any client or prospective client upon request.

Our Financial Advisors are required to conduct their personal investment activities in a manner that we believe is not detrimental to you. Our Financial Advisors are permitted to transact in securities within the policies of the Code. As further described below, there may be circumstances where our personnel may buy and sell on your behalf securities of issuers or other investments in which they own securities or otherwise have an interest. The Code requires all Financial Advisors to report all personal transactions in securities not otherwise exempt under the Code. All reportable transactions are reviewed for compliance with the Code.

Our Financial Advisors may invest for their own accounts, or have a financial interest in the same securities or other investments that they also recommend or acquire for the Advisory Accounts of clients. In addition, your Financial Advisors may engage in transactions that are the same as, or different than, transactions recommended to or made for your Advisory Account(s). These transactions may take place at or about the same time transaction in Advisory Accounts take place. This practice could create a conflict of interest if the Financial Advisor placing trades for their own accounts were to place a trade before yours and receive a better price on a security. To address this potential conflict, such transactions are only permitted if in compliance with our Code, and such transactions are monitored for compliance with our Code.

##### ***Participation or Interest in Client Transactions***

*Principal Transactions.* We may sell or purchase securities in your Advisory Account directly to or from our affiliated broker-dealers acting in a principal capacity (i.e., for their own benefit). Doing so involves a conflict of interest because our affiliate is on the other side of the transaction. If we engage in

a principal transaction in your account, we will provide you with written disclosure of all the material facts regarding the transaction and obtain your consent.

*Agency Cross Transactions.* It is our policy to prohibit Financial Advisors from engaging in agency cross transactions whereby the Financial Advisor acts as broker for both the buy and sell side of a single security transaction between two different clients and receives compensation in the form of a commission or mark-up on the trades. Should we adopt a different policy, or permit an exception to our policy, we will observe all applicable rules and regulations and make and receive all applicable disclosures and consents.

*Non-purpose Lending.* Our affiliated broker-dealers may loan, or have arrangements with third-parties who loan, money to advisory clients for purposes other than buying securities (“Non-purpose loans”). Non-purpose loans may be secured by a client’s Advisory Account. Where our affiliate is the lender, it may take actions that adversely affect an Advisory Account, including declaring a client to be in default, liquidating assets in an Advisory Account, and/or redeeming positions more rapidly (and at significantly lower prices) than might otherwise be desirable. Lending arrangements with our affiliates generally provide that our affiliate may redeem its interests in these Advisory Accounts at any time without notice to the client or regard to the effect on the Advisory Account, which may be materially adverse. Where the lender is a third-party, either we or our affiliate will receive compensation from the lender for referring you to the lender.

*Payment for Order Flow.* Our affiliated broker-dealers may route your orders to other broker/dealers or market centers (i.e., primary exchanges or electronic communication networks (“ECN”)) for execution and receive compensation for such routing. That compensation may take the form of monetary rebates on a per executed share basis for equity orders that add liquidity to its book and/or rebates for aggregate exchange fees. The rebates are considered payment for order flow even though it may not necessarily offset aggregate payments for removing liquidity. The amount of the rebate depends on the agreement reached with each market center.

Order routing decisions are based on a number of factors including the size of the order, the opportunity for price improvement and the quality of order executions. We review

our affiliated broker-dealer’s routing decisions and trade executions to ensure that it fulfills its duty of best execution.

## **Item 12. Brokerage Practices**

### ***A. Factors Considered in Selecting or Recommending Broker Dealers and Determining Reasonableness of Compensation.***

1. Research and Other Soft Dollar Benefits. We do not receive research or other products or services for directing client securities transactions to broker-dealers. However, our Financial Advisors are typically associated persons of and recommend our clients open brokerage accounts with our affiliated broker-dealer, SA Stone Wealth Management Inc., which carries its customer accounts at our affiliated clearing broker, INTL FCStone Financial, Inc. Accordingly, we and our Financial Advisors receive the benefit of the technology and research services available to our affiliated broker-dealers. This includes availability of 3<sup>rd</sup> party research and trade order entry systems. We are also able to leverage the compliance tools and resources and infrastructure and administrative support services of our affiliated broker-dealers.

We believe our affiliated broker-dealers charge competitive rates for execution and brokerage account maintenance services, though they may be higher than those available elsewhere. If we did not receive the above described benefits from them, our costs of receiving those services might be materially higher. Accordingly, we have an incentive to recommend our affiliated broker-dealers to you based on the benefits we receive rather than on your interest in receiving the most favorable transaction execution. We address this conflict by monitoring the execution services of our affiliated broker-dealers.

2. Brokerage for Client Referrals. As stated above, we have an incentive to recommend our affiliates for brokerage and custodial services. Although we have no formal brokerage for client referrals agreement in place, our affiliates are encouraged to refer us clients (please reference Item 14 for a discussion of our solicitation arrangements).

3. Directed Brokerage. We typically recommend that a client execute transactions through the broker-dealer where his/her securities account is held, subject to our duty of best execution. Not all advisors recommend or require their clients to direct brokerage. We have a conflict of interest in

recommending that our clients open a brokerage account with and direct execution to, our affiliated broker-dealers. See Item 12. A. 1., Research and Other Soft Dollar Benefits, above.

#### **B. Trade Aggregation.**

Trade aggregation, or “block trading,” permits the trading of blocks of securities composed of assets from multiple client Advisory Accounts. Blocking orders generally seeks to obtain a more advantageous net price, avoid a potentially adverse effect on the price that could result from simultaneously placing a number of separate competing orders, and simplify the administration and efficiency of trading across a potentially large number of Advisory Accounts. Each client participating in an aggregated order will receive the average share price for all transactions effected to fulfill the order. As a result, the average price received by the client may be higher or lower than the price that the client would have received if the transaction had been effected for the client independently from the block transaction.

We generally expect that trades for Advisory Accounts in the SSP program will be aggregated where possible, and we expect that Financial Advisors exercising discretion over Advisory Accounts in the APM program will block trade client Advisory Accounts. We expect Financial Advisors will aggregate client orders in the AFC program with other client orders being aggregated where practicable. If an aggregated order is partially filled, the order will be allocated among participating Advisory Accounts based on a pro-rata basis or a random basis to treat clients fairly and not favor one client over another. There may be circumstances where it is determined not to aggregate trades based upon, for example, the size of the trades, the number of client accounts, and the liquidity of the security. Where orders are not aggregated, some clients will receive less favorable prices than others.

3<sup>rd</sup> party managers may aggregate orders for various clients for execution. The allocation methodology employed varies depending on the type of securities sought to be bought or sold and the type of client or group of clients. For more complete information, please refer to the 3<sup>rd</sup> party manager’s Form ADV Part 2A.

### **Item 13. Review of Advisory Accounts**

#### **General Description**

Advisory Accounts are periodically, and no less than annually, reviewed by us and your Financial Advisor. Reviews are conducted either individually or in a group, depending upon Advisory Account needs and market conditions. These reviews include a review of the Advisory Account’s performance, investment objectives, security positions and other investment opportunities. The SSP program is reviewed at least quarterly by the Investment Committee and includes the strategy performance, model security positions, investment objectives, and general market conditions, among other things. In addition, the supervisors of advisory Personnel monitor the performance of Advisory Accounts, and various exception reports. Additional reviews may be undertaken at our discretion.

#### **Factors Triggering a Review**

In addition to periodic reviews, we perform reviews of Advisory Accounts as we deem appropriate or as otherwise required, typically through automated exception reports. Additional reviews may be undertaken because of changes in market conditions, changes in security positions or changes in a client’s investment objective or policies.

#### **Client Reports**

You should receive monthly or quarterly statements directly from your Advisory Account custodian. In addition, certain clients receive detailed quarterly performance reports and/or monthly statements from their Financial Advisor. The reports generally contain a list of assets, investment results, and statistical data related to the client’s account. We urge you to carefully review any Financial Advisor generated report and compare the statements that you receive from your custodian to the reports that the Financial Advisor provides. The information in our Financial Advisors’ reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

#### Envestnet

We have entered into an agreement with Envestnet Asset Management, Inc. (“Envestnet”) a Delaware corporation and SEC registered investment advisor where we have access to certain technological, operational, and trading support



services with respect to many of our discretionary and non-discretionary asset management services. In addition, Envestnet provides us with access to and/or due diligence information regarding 3rd party managers available to our Financial Advisors through Envestnet and acts in the capacity of sub-advisor and/or overlay manager for certain strategies our Financial Advisors can offer. We also offer access to 3rd party managers and other investments outside of the Envestnet relationship. Such services may be direct with a 3rd party manager or through platforms offered by 3rd parties (e.g., SEI Investments Management Corporation ("SEI")).

Under the Envestnet agreement we pay an asset based fee to Envestnet, which is passed along to our Financial Advisors. Envestnet may reduce this asset based fee based on a Financial Advisor's AUM with Envestnet. Therefore, the more assets a Financial Advisor manages through Envestnet the greater chance they have to reduce their fee and increase their profit margin. This presents a conflict of interest in that the Financial Advisor has an incentive to recommend 3<sup>rd</sup> party managers or other programs offered through Envestnet.

#### SEI Advisors Network

We have entered into an Agreement with SEI pursuant to which SEI pays us a small percentage of revenue based on total net new client assets brought onto the SEI platform, calculated on a quarterly basis. Under the agreement, SEI pays us between 3 to 5 basis points (or from \$.02 to \$.05 for every \$100, depending on the total amount of eligible assets) for performing certain back-office, administrative services. We have not received more than 3 basis points for AUM, to date. This arrangement may give rise to conflicts of interest, or perceived conflicts of interest, as SASIA has an incentive to steer client assets into SEI strategies or products that generate such revenue rather than into strategies or products that do not. Clients should note that this additional compensation does not directly increase clients' expenses. If SASIA does not accept this revenue, SEI retains it.

#### Client Luncheons or Other Events

Mutual fund companies (or the managers of mutual funds) or 3<sup>rd</sup> party managers can pay for or sponsor client luncheons, or other events, that a Financial Advisor hosts. This may include 3rd party speakers that the Financial Advisor does not have to compensate (although a Financial Advisor may also pay consultants to attend these events or other client meetings to offer their expertise). These arrangements may give rise to conflicts of interest, or perceived conflicts of interest in that the Financial Advisor has an incentive to invest client assets in

the fund or 3<sup>rd</sup> party manager that provide such benefits to the Financial Advisor.

Notwithstanding these conflicts, we believe that these arrangements do not interfere with our provision of advice to clients because of our internal practices and controls. Our commitment to our clients and the policies and procedures we have adopted that require the review of such arrangements by compliance and legal are designed to limit any interference with our or our Financial Advisors' independent decision making when choosing the best investment recommendation or strategy for our clients. In addition, we have procedures in place to periodically review client Advisory Accounts for adherence to client investment objectives and to ensure that client assets are invested in, what we believe, are the best available options for the strategies we or our Financial Advisors are implementing and monitoring.

#### 3<sup>rd</sup> Party Solicitors

From time to time, we or our affiliates may make cash payments for client referrals to persons other than employees of ours or our affiliates pursuant to applicable laws, including to 206(4)-(3) under the Advisers Act, when applicable. As a result, such solicitors may have an incentive to refer clients to our affiliates over other firms. We have policies and procedures to ensure that proper disclosures are provided to clients at the time of solicitation and that all clients sign appropriate disclosure delivery receipts. In addition, we may also compensate employees of SASIA and our affiliates for client referrals in compliance with 206(4)-(3). Clients under these agreements will not be charged fees higher than the standard fees described in Item 5.

#### **Item 15. Custody**

We do not hold client assets. However, because certain clients may authorize us to directly debit our advisory fees out of the assets in such clients' Advisory Accounts, we are deemed by the SEC to have custody of the assets in those Advisory Accounts. These clients will generally receive account statements directly from 3<sup>rd</sup> party custodians for the Advisory Accounts and should carefully review these statements. Such clients should contact their Financial Advisor immediately if they do not receive account statements from their custodian on at least a quarterly basis. In addition to account statements delivered by their 3<sup>rd</sup> party custodians, our Financial Advisors may provide clients with separate reports or account

statements containing information about the Advisory Account. Clients should compare these carefully to the account statements received from the custodian and report any discrepancies to the Financial Advisor and the account statement custodian immediately.

Client funds or securities may also be held by INTL FCStone Financial Inc., our affiliated broker-dealer, which is a Qualified Custodian for the purposes of the Advisers Act. Because we provide investment advice to one or more clients whose funds or securities are held by an affiliate, we are deemed by the SEC to have custody of those assets under the Advisers Act. In order to demonstrate that we have taken proper steps to protect our clients' interests in this situation, we must take a number of additional steps detailed in the Advisers Act. We must ensure that our affiliate continues to meet the eligibility criteria for a Qualified Custodian, we must provide the relevant clients with custodian contact information, we must ensure that the custodian is sending quarterly statements to these clients and we must undergo an annual surprise examination and verification of those assets by an independent accountant registered and subject to inspection by the Public Accounting Oversight Board ("PCAOB"). In addition, because we maintain custody of client assets with an affiliate, it is required to have the affiliate obtain an internal control report from an independent PCAOB accountant, attesting to its controls as a qualified custodian related to safekeeping of client assets. Our Compliance Program includes ensuring that these steps are met.

#### **Item 16. Investment Discretion**

We will accept discretionary authority to manage Advisory Accounts on behalf of clients. In these situations, clients are required to sign an Advisory Relationship Agreement that authorizes us to supervise and direct the investment and reinvestment of assets in the Advisory Account, with discretion on the client's behalf and at the client's risk. Our discretionary authority is limited by the terms of the Advisory Relationship Agreement and the investment guidelines agreed between us and each client. The investment guidelines or other account documents generally include any limitations a client may place on our discretionary authority, including any reasonable restrictions of the securities and other financial instruments in which we are authorized to invest.

#### **Item 17. Voting Client Securities**

Generally, neither we nor our Financial Advisors performs proxy voting services on behalf of, or provides proxy voting advice to, our clients. Upon your request, your Financial Advisor may provide a recommendation or clarification based on his/her understanding of issues presented in the proxy materials, but you are solely responsible for all proxy voting decisions. You will receive proxy voting and other solicitations directly from their custodian.

In the SSM program, we delegate proxy voting authority to Envestnet or to the 3<sup>rd</sup> party manager selected to manage client assets, unless you specifically choose not to grant such authority. To retain the proxy voting authority, you must notify us in writing that you wish to do so.

We acknowledge our fiduciary obligation to ensure any proxies for which Envestnet or 3<sup>rd</sup> party managers are responsible are voted solely in the best interests of the client. Both designees' have developed appropriate principles, policies and procedures to ensure proxies are voted in this manner. Generally, Envestnet and/or the 3<sup>rd</sup> party managers use a neutral third party that issues recommendations based on its own internal guidelines. This policy is in place to limit conflict of interest issues. Both have policies designed to identify and resolve any such issues.

You can request information on how your account proxies were voted or request a copy of Envestnet's proxy voting procedures or a copy of a 3<sup>rd</sup> party manager's proxy voting procedures by contacting us in writing at:

SA Stone Investment Advisors Inc.  
2 Perimeter Park South, Suite 500 West  
Birmingham, Alabama 35243  
Attn: RIA Compliance

#### **Item 18. Financial Information**

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have never been the subject of a bankruptcy proceeding.