

# **AMC Fund Select Tactical**

## **Asset Management Consulting**

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SunTrust Investment Services, Inc.

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SEC File Number 801-56443

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This brochure provides information about the qualifications and business practices of SunTrust Investment Services, Inc. If client has any questions about the contents of this brochure, please contact STIS at (800) 874-4770. The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission or any state securities authority.

Website Addresses: [www.suntrust.com/investmentservices](http://www.suntrust.com/investmentservices)

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

### **Securities and Insurance Products and Services:**

•Are not FDIC or any other Government Agency Insured •Are not Bank Guaranteed •May Lose Value

## **Material Changes**

The last update to the AMC Fund Select Tactical Wrap Brochure was January 1, 2012. There have been no material changes since the last update.

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## Services, Fees and Compensation

### Services

SunTrust Investment Services, Inc. (“STIS” or “Adviser”) is a separate, wholly owned non-bank affiliate of SunTrust Banks, Inc. STIS became a registered broker-dealer under the Securities Exchange Act of 1934, in November of 1985 and an investment adviser under the Investment Advisers Act of 1940, as amended in May, 1999, and was a state registered investment adviser from April, 1996 to May, 1999. Registration does not imply a certain level of skill or training. STIS is a member of the Financial Industry Regulatory Authority (“FINRA”) and Securities Investor Protection Corporation (“SIPC”).

STIS is an introducing broker-dealer clearing its trades through National Financial Services LLC and its affiliate Fidelity Management Trust Company, if client’s account is a qualified retirement account, (the “Carrying Broker” or “Custodian” or “NFS”), which also provides custody and execution services for client’s account.

STIS has contracted with Lockwood Advisors, Inc. (“Administrator”) for administrative services such as proposal generation, maintenance, submission of trade details to NFS and performance reporting.

The AMC Fund Select Tactical Program (the “Program”) includes an array of mutual fund and Exchange Traded Fund (“ETF”) portfolios based on risk-based modeling using asset allocation. STIS utilizes various mutual fund and ETF asset allocation models provided by SunTrust Bank, an affiliate, that reflect differing risk profiles. These models are fixed and cannot be customized for client restrictions.

As Adviser, STIS is responsible for the due diligence with respect to the AMC Fund Select Tactical Program.

STIS has investment discretion with respect to managing the client’s investments in the Program. STIS’ discretion includes the modification of models and asset allocations; the replacement, reduction or elimination of mutual funds and/or ETFs in the accounts; account rebalancing; and liquidation of mutual fund and/or ETF positions, if necessary, to generate cash for withdrawals by the client or the payment of account fees.

STIS Investment Advisory Representatives (“IARs”) may not recommend the selection and replacement of mutual funds and/or ETFs. These models are fixed and cannot be customized.

There is no guarantee that a client’s investment objectives will be achieved, and past performance is not a guarantee of future results.

### Fees

AMC Fund Select Tactical accounts are charged a single asset-based fee (the “Program Fee”) that includes our ongoing client advice and service and the execution and custodial services of NFS. The Program Fee is deducted from the AMC Fund Select Tactical account or client may have the fee deducted from another account owned by the same client.

The Program Fee for AMC Fund Select Tactical Program is tiered, based on the market value of the client's assets calculated on the last billing day of the previous quarter. The Program Fee is negotiable and may differ from client to client based upon a number of factors including, but not limited to, the type and size of the client’s account, the range of services provided to the client, and the total relationship between STIS and the client in terms of assets under management or supervision.

The standard annual Program Fee is determined in accordance with the following schedule.

Assets Under Management	Annual Account Level Fee
\$0 - \$500,000	2.00%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$2,000,000	1.00%
\$2,000,001 - \$5,000,000	0.75%
\$5,000,001 - \$10,000,000	0.60%
Over \$10,000,001	0.50%

Sub-Adviser Fees. SunTrust Bank, a STIS affiliate receives fees for its services, including advisory/management, provision of investment recommendations for each Model Portfolio and each Asset Allocation Model of .025% of the total assets managed within the AMC Fund Select Tactical accounts. This fee is included within the Program Fee for each client.

Fees for the Program are charged quarterly, in advance, at the annual rates shown above based on Assets Under Management for an account. Fees are pro-rated for accounts that are opened or closed during the quarter. Multiple AMC Fund Select Tactical Program accounts held by the same client or members of the client's immediate family (i.e., spouse, children, or parents) may be aggregated for purposes of determining Assets Under Management. The fees are automatically deducted from the client's account. STIS reserves the right to adjust client fees at its sole discretion.

STIS may discount the Program Fee for employees of STIS and its affiliates.

The minimum annual and quarterly fee for an account is \$1,000 and \$250, respectively. Each account is subject to the minimum quarterly fee, even if the balance falls below the minimum investment. If a client's account incurs the minimum quarterly fee, the amount a client pays in fees, as a percentage of the account, will increase as the account value declines and may exceed the STIS fee schedule listed above. Such minimum fee may be higher than those fees charged by STIS for other client accounts with greater asset levels and may exceed 2.00% of Assets Under Management. Clients should consider either increasing the assets in the account or consider whether the program continues to be appropriate for them in such situations where the minimum quarterly fee is applied. Advisers whose Client account(s) have incurred a minimum annual or quarterly fee may be sent communication requesting that they review their Client's situation to determine whether the program remains suitable for the Client. STIS retains the right to adjust the minimum quarterly Program Fee and minimum investment amount under certain circumstances.

Program Fees paid by clients for the Program may be more or less than the fees charged for advisory, custodial and brokerage services offered separately by STIS, depending on the nature, size and frequency of account transactions and other services. The amount of this Program Fee may be more or less than similar program/service fees received for other programs offered by STIS or received when investment advice, brokerage or other services are provided separately.

#### Compensation

For the duration of this agreement, STIS may share these fees with client's IAR and other employees of STIS and its affiliates. Because of this, IARs may have a financial incentive to recommend one program over another program. Certain qualified IARs can elect to receive the first year's fee credit for AMC Fund Select Tactical accounts within the first quarter. This accelerated fee recognition does not impact client's ability to withdraw funds or close an account without charge.

STIS may allocate a portion of the fees it receives to the Carrying Broker and/or the custodian (if different from the Carrying Broker) for processing and administration. *See Account Requirements and Types of Clients Section below for detail pertaining to services of the Carrying Broker.*

#### Valuation

In computing the fair market value of the Assets, the value of shares in Funds and ETFs will be based on their respective net asset values as calculated on the valuation date (or the most recent net asset value if none is calculated on the valuation date) as determined by National Financial Services, LLC. Any such valuation should not be considered a guarantee of any kind whatsoever with respect to the value of the Assets in the Account. National Financial Services, LLC may use a pricing service or other independent evaluator, as well as other independent sources, in computing the value of securities. These values are believed to be reliable, but STIS will not verify the accuracy of the information.

#### Other fees or charges:

Clients may also incur separate fees or charges associated with odd-lot differentials, auction fees, transfer taxes, electronic fund and wire transfer fees, SEC fees on NASDAQ trades, any other fees mandated by law, certain fees in connection with the establishment or administration or termination of retirement or profit sharing plans or trust accounting, and any other charges for special services requested by clients. Some client accounts may hold shares of investment companies, including money market funds, closed-end funds, and/or exchange-traded funds. Those funds have their own expenses, including certain advisory, distribution or other fees, and a client account invested in those funds will indirectly bear a portion of those expenses. Each of the fees discussed above is in addition to the Program Fee.

In addition, we or our affiliate may receive marketing or other payments from exchange-traded investment funds in which client asset-based fee assets may be invested.

In addition to the fees for the Program, clients are subject to certain charges in connection with investments made through the program, including mutual fund/ETF advisory, distribution, early redemption or other fees.

Assets in client's account(s) may be invested by STIS with investment discretion over client's account(s) in shares of a management investment company or mutual fund for which an affiliate of STIS, performs advisory or other services ("Affiliated Fund") and receives management or other fees for such services ("Affiliated Fund Fees") that are separate and distinct from the fees that STIS receives that STIS receives pursuant to the investment advisory agreement between client and STIS. If, in the exercise of its investment discretion in accordance with the investment advisory agreement or at client's direction, STIS invests a portion of the assets in client's account(s) in shares of an Affiliated Fund, client hereby consents to and authorizes such investments and STIS' receipt (to the fullest extent permitted by applicable law) of the Affiliated Fund Fees and the fees it receives pursuant to the investment advisory agreement. In such a case, information about the Affiliated Fund Fees paid to STIS can be found in the prospectus and/or annual report for the Affiliated Fund and client may be provided with additional disclosures or asked to execute additional consents as, and to the extent, required by applicable law. Client may terminate client's consent and authorization at any time (i) by terminating the investment in the applicable Affiliated Fund, or (ii) by providing written notice to STIS of client's intention that this consent and authorization be terminated.

If Client is subject to the provisions of ERISA or Section 4975 of the Internal Revenue Code of 1986, the assets invested in an Affiliated Fund will not be included in the Fee calculation.

Money market funds and other mutual funds, including ETFs in which clients may invest (including Affiliated Funds), or the advisers or principal underwriters of the funds, may make payments to STIS or our affiliates pursuant to a Rule 12b-1 distribution plan or other arrangement as compensation for distribution, shareholder services, recordkeeping, or administrative services; these payments may be paid from the fund's total assets or may be paid by a fund's adviser or distributor. The Rule 12b-1 distribution plan and other fee arrangements will be disclosed upon request and typically are disclosed in the applicable fund's registration statement.

STIS and its affiliates may have a variety of banking, financial, or service relationships with (1) mutual funds/ETFs participating in the Program, (2) corporations or other issuers, the securities of which are purchased in the portfolios of such mutual funds/ETFs, and (3) the other Service Providers and their affiliates. Such relationships may involve a receipt of compensation or other benefits by STIS and its affiliates. From time to time, STIS or its affiliates may also receive training, marketing materials, or other marketing support from mutual funds and ETFs participating in the Program. Such arrangements may be based on the size and duration of holdings in a mutual fund/ETF. This additional compensation and/or other benefits are in addition to fees paid by clients for the Program and are used, in part, to offset the costs of administering the Program.

### **Account Requirements and Types of Clients**

A minimum investment of \$50,000 is required to open an AMC Fund Select Tactical account.

Brokerage services for AMC Fund Select Tactical are provided by STIS, an introducing broker-dealer clearing its trades through National Financial Services LLC or Fidelity Management Trust Company if client's account is a qualified retirement account, (which also provides custody services and executes most securities transactions for these accounts. The Carrying Broker executes and clears purchase and sale orders directed to it by STIS; provides transaction confirmations, account statements, annual reports, prospectuses and tax reporting information directly to clients; and provides custody services for cash and securities in client accounts. In addition, the Carrying Broker sends program participants requests for shareholder proxies, reorganization, or other actions to be taken with respect to securities held in the client's account.

As custodian, NFS researches client ownership of certified class action suits involving securities for which it holds custody. Once a class action suit has been certified, NFS will screen client ownership records using the specific criteria defined in the suit. Client names and addresses meeting the specified criteria will be provided to the claims administrator assigned by the courts. The claims administrator will then mail all class action notices to the client. Client may elect to participate in the suit; however STIS and NFS are not responsible for submitting documents of behalf of client.

Upon opening a brokerage account it is important that client understands that in order to help the government fight the funding of terrorism and money-laundering activities, to meet Federal law and contractual obligations to NFS, STIS is required to verify client's identity by obtaining client name, date of birth, address, and a government-issued identification number before opening a brokerage account. In certain circumstances, STIS may obtain and verify this information with respect to any person(s) authorized to effect transactions in an account. For certain entities, such as trusts, estates, corporations, partnerships or other organizations, identifying documentation is also required. Client account may be restricted and/or closed if STIS cannot verify this information. Neither STIS nor NFS will be responsible for any losses or damages (including, but not limited to, lost opportunities) resulting from any failure to provide this information, or from any restriction placed upon, or closing of, the client's brokerage account. Further, if client is a foreign financial institution, client agrees that in establishing a brokerage account with STIS that client will not open or maintain client's brokerage account for or on behalf of any third party and that client will not allow any third party to use or access any brokerage account that client opens at STIS.

The AMC Fund Select Tactical Program is made available to individuals, corporations and other business entities, pension and profit sharing plans, charitable organizations and not-for-profit organizations. STIS reserves the right to accept, reject or renew any client for the Program.

### **Portfolio Manager Selection and Evaluation**

In offering the Program, STIS representatives work with individual clients to develop a personal client profile that identifies the client's goals, risk tolerance, time horizon, financial situation and other factors that influence investment approach. The STIS representative produces an investment proposal for the client. The investment proposal proposes an asset allocation strategy based on the client's answers to the questions posed by his or her STIS representative. The client then selects the appropriate program based on this recommendation.

After reviewing and approving the investment proposal, the client, with the representative's assistance, opens an account and signs a brokerage account agreement and an investment advisory agreement authorizing management of the account in accordance with the terms and conditions of the program.

Administrator provides STIS with a quarterly investment performance report ("Quarterly Report") for each client. STIS will provide the Quarterly Report to client upon request. This is a detailed report on the client's assets invested in the program, including performance data for the most recent quarter, year-to-date and since-inception-to-date. The Quarterly Report includes:

- Market Commentary
- Current Account Holdings
- Account Performance
- Transaction Detail

STIS believes this information is reliable; however, STIS will not independently verify the accuracy of any information in a Quarterly Report.

The Investment Policy Committee ("IPC") of STIS oversees the AMC Fund Select Tactical program and reviews the performance information created by the Administrator.

STIS acts as portfolio manager for the AMC Fund Select Tactical program. The Program is based on mutual fund and ETF asset allocation models provided by SunTrust Banks, Inc., an affiliate. Utilizing an affiliate's investment models can create a conflict of interest whereby clients may be selected for the Program based on the affiliation rather than what is in the client's best interest. Representatives are required to prepare a client Investment Profile to help determine if the program is suitable for the client. The client is also given a copy of the firm's brochure prior to or at the time the client signs the advisory services agreement which discloses any affiliated relationships material to the firm's advisory business.

### **Advisory Business**

As mentioned above, STIS utilizes mutual fund and ETF asset allocation models in the AMC Fund Select Tactical program. Investments in the Program are limited to mutual fund shares and ETF shares. The Program has several portfolios and depending upon the client's investment profile, to help determine if the Program is suitable for the client. The Program models are fixed and cannot be customized for client restrictions.

STIS provides portfolio management services for the AMC Fund Select Tactical wrap program, not the firm's IARs. The firm receives a portion of the wrap fee for this Program.

STIS does not have any soft-dollar arrangements.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

STIS utilizes various mutual fund and ETF asset allocation models for the AMC Fund Select Tactical program, which are provided by SunTrust Bank, an affiliate.

Investing involves risks, including fluctuating returns and potential loss of principal that clients should be prepared to bear.

Exchange-Traded-Funds: Exchange-Traded-Funds ("ETFs") values will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Clients should consider the investment objectives, risks and charges of an ETF carefully before investing. Please read the prospectus carefully prior to investing.



Mutual Funds: Mutual Fund values will fluctuate so that an investor's shares, when redeemed may be worth more or less than their original cost. Client should carefully review the fund prospectus and consider the investment objectives, risks and charges and expenses of the investment company carefully before investing.

Money Market Mutual Funds: An investment in the Fund is not insured or guaranteed by the FDIC or any other government agency. Although the Fund seeks to preserve the value of client's investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

#### **Voting Client Securities**

STIS has no authority or obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities in which assets may be invested from time to time. Client (or the plan fiduciary in the case of an account subject to ERISA) expressly retains the authority and responsibility for the voting of such proxies. Proxy communications are sent to clients by the custodian, NFS.

#### **Client Information Provided to Portfolio Managers**

Once the new account paperwork is approved, STIS submits the documentation, including the client profile that identifies the client's goals, risk tolerance, time horizon, financial situation and other factors to the Administrator for inclusion in the Program.

The STIS representative will attempt to contact each AMC Fund Select Tactical Program client no less than annually, to review the client's account and reconfirm his or her financial and investment objectives. The purpose of this review includes a determination as to whether any adjustment to his or her asset allocation strategy may be appropriate. STIS also periodically offers clients the opportunity to notify their representative of any changes to their financial and tax situation, risk tolerance or financial goals. The client, however, remains responsible for notifying STIS of any material change in his or her investment profile. Updated information is submitted to the Administrator for maintenance of client data.

#### **Client Contact with Portfolio Managers**

AMC Fund Select Tactical clients may interact directly with STIS; however, primary contact is through their STIS IAR.

#### **Additional Information**

##### Disciplinary Information

##### 5/17/05 Securities and Exchange Commission File Number: 3-11924, Cease-and-Desist and Censure

The SEC alleged that between 2001 and 2002, STIS sold class A share mutual funds without providing certain customers with reductions on front-end loads or sales charges. Without admitting or denying the allegations, STIS consented to the findings, to the entry of a censure and cease-and-desist order and to refund break point discounts along with prejudgment interest to certain customers STIS identified in a self assessment and to make written notice to all customers who purchase class A mutual fund shares from STIS from 1/1/99-12/31/03.

##### 6/29/05 NASD Case Number: 20042000229-01, Monetary Fine: \$15,000 and Censure

STIS submitted a Letter of Acceptance, Waiver and Consent ("AWC") in which the firm was censured, fined \$15,000 and required to revise its written supervisory procedures regarding compliance and applicable securities laws and regulations and rules relating to Trade Reporting and Compliance Engine ("TRACE") securities. TRACE facilitates the mandatory reporting of over the counter secondary market transactions in eligible fixed income securities. Without admitting or denying the allegations, STIS consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities in a timely fashion, that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to applicable securities laws and regulations, and NASD rules relating to TRACE reporting.

8/7/06 NASD Case Number: EAF0401290001, Monetary Fine: \$150,000 and Censure

STIS submitted a letter of AWC in which the firm was censured and fined \$150,000. Without admitting or denying the findings, STIS consented to the described sanctions and to the entry of findings that it failed to retain emails in compliance with the three-year retention requirement of Section 17(a) of the Securities Exchange Act of 1934 and SEC rule 17a-4.

7/30/07 Maryland Securities Commission Case Number: FA 2000-2028; 2006-043, Monetary Fine: \$4,500.

Maryland Securities Commission alleged that STIS investment advisory representatives were not properly registered with the State of Maryland. STIS refunded advisory fees equal to amount allocated to the investment advisory representative for the period of time that a STIS employee was not registered as an investment advisory representative in Maryland, agreed to follow compliance policies and procedures designed to prevent any future unregistered investment adviser representative activities and paid a fine of \$4,500.

10/15/08 FINRA Case Number: E072005012301, Monetary Fine: \$700,000 and Censure

FINRA alleged that STIS violated NASD Conduct Rules 2110, 2440, 3010, 3010(A) and (B) in that STIS failed to maintain an adequate supervisory system including written procedures, reasonably designed to review and monitor its fee-based brokerage business, and STIS failed to establish and maintain a supervisory system including written procedures reasonably designed to achieve compliance with FINRA's fair pricing rule. Without admitting or denying the findings, STIS consented to the findings and agreed to issue refunds plus interest in the aggregate amount of \$713,362 to identified customers who paid fees and/or commissions.

7/22/10 FINRA Case Number: 2006007105102, Monetary Fine: \$900,000 and Censure

FINRA alleged violations of NASD Conduct Rules 2110, 2310 and 3010. Specifically, FINRA alleged that STIS, through two former brokers, recommended unsuitable short-term unit investment trusts ("UIT"), closed end funds ("CEF") and mutual fund transactions and recommended unsuitable transactions on margin; that STIS failed to supervise two brokers, and that STIS failed to ensure that customers received the most favorable sales charge discounts on certain UIT purchases. In addition, FINRA alleged that STIS lacked adequate systems and procedures relating to UITs, CEFs and margin accounts. Without admitting or denying the allegations, STIS settled the matter by agreeing to the entry of FINRA's findings, to a censure and to a monetary fine of \$900,000, disgorgement of \$223,997 in commissions, and to the repayment of \$539,371.28 plus interest for applicable rollover or exchange discounts to 17 customers.

7/26/11 FINRA Case Number: 20080106036101, Monetary Fine: \$400,000 and Censure

FINRA alleged that STIS violated NASD Conduct Rules 2210, 2211 and 2110 and MSRB Rule G-21 by using materials with customers and prospective customers that were not fair and balanced and did not provide a sound basis for evaluating the facts in regard to purchases of auction rate securities (ARS), including the failure to adequately disclose the risks of investing in ARS such as the risk that ARS auctions could fail, that investments in ARS could become illiquid and that customers might be unable to obtain access to funds invested in ARS for substantial periods of time; and further alleged that STIS violated NASD Rules 2110 and 3010 and MSRB Rule G-27 by failing to establish and maintain procedures that were reasonably designed to ensure that it marketed and sold ARS in compliance with the federal securities laws and applicable NASD and MSRB rules, including, that it failed to maintain procedures reasonably designed to ensure that its registered representatives accurately described ARS to customers, that representatives failed to provide customers with adequate disclosure of the risks of ARS and failed to adequately train representatives about the characteristics of ARS and the differences between ARS and other investments. Without admitting or denying the findings, STIS consented to the described sanctions and findings; it completed a voluntary repurchase of ARS from certain customers and agreed to continue to make its best efforts to provide liquidity to all other customers who were not eligible for the voluntary repurchase and to arbitrate claims for consequential damages filed by eligible customers relating to the ARS through a Special Arbitration Program (SAP) in accordance with FINRA rules.

## Other Financial Industry Activities and Affiliations

SunTrust Investment Services, Inc. (“STIS”) is registered as a broker-dealer under the Securities Exchange Act of 1934. The principal business of STIS is that of a registered securities broker-dealer. STIS and its registered representatives spend the majority of their time selling investment products customarily associated with those of a broker-dealer while acting in their registered representative capacity. Less than 30% of their time is spent on providing investment advisory services. IARs may also be Licensed Insurance Agents and sell fixed and variable annuities, as well as life insurance products through either STIS or SunTrust Insurance Services, Inc.

STIS has entered into a certificate of deposit selling group agreement with an affiliated broker-dealer, SunTrust Robinson Humphrey, Inc. (“STRH”). Under the agreement, STIS will offer to its clients individual time deposits, including deposit notes and certificates of deposit (collectively referred to as “CDs”) of federally insured depository institutions (“Issuers”), including SunTrust Bank, an affiliate of STIS. IARs may recommend fee-based CDs to their clients. STIS does not receive any compensation relating to the distribution of the CDs. SunTrust Robinson Humphrey, Inc., an affiliated broker-dealer, structures the CDs and is compensated by the Issuers, including SunTrust Bank, for their services. The Issuer receives the proceeds from the offerings.

STIS has entered into a solicitor agreement with an affiliated investment adviser, RidgeWorth Capital Management, Inc. (“RidgeWorth”). Under the agreement, STIS IARs solicit clients for RidgeWorth’s advisory services and STIS receives compensation for the solicitations. STIS also has a services agreement with RidgeWorth for various services that STIS provides to shareholders of RidgeWorth Funds which are advised by RidgeWorth. These services may include 1) shareholder record keeping and account services, 2) providing information to our clients regarding the funds, and 3) recommending shares of the funds for investment. STIS may also provide other services not listed here which are beneficial to the funds. These fees are paid from RidgeWorth’s corporate funds.

STIS has the following agreements with SunTrust Bank, an affiliate of STIS that routinely and primarily engages in offering deposit, lending and other services customarily associated with those of a commercial bank:

**Networking Agreement:** Under this agreement, STIS representatives are dually employed by STIS and the SunTrust Bank and offer investment products and services to SunTrust Bank clients.

**Administration and Operational Services Agreement:** Such items as business insurance, facilities management allocation, audit/internal control and human resources allocations, among other items are provided to STIS by SunTrust Bank at lower costs than could be provided by external vendors.

**Solicitation Agreement:** Under the agreement, STIS may refer clients to SunTrust Bank for investment advisory or asset management services.

**Referral Incentive Plan:** Under the plan, SunTrust Bank employees are paid a nominal referral fee by the SunTrust Bank for making general referrals of customers to STIS. Such referrals may result in a client opening an account and/or the purchase of other securities. However, the payment of the referral is not conditioned on the opening of any account. STIS reimburses the SunTrust Bank for the referral fees the Bank pays.

**Investment Management and Due Diligence Agreement:** **AMC Fund Select Advisor, AMC Fund Select Tactical AMC Premier and AMC Pinnacle Programs:** Under the agreement, SunTrust Bank will construct and maintain on a continuous basis one or more model portfolios (each, a “Model Portfolio”) meeting the investment objectives for the Model Portfolio, to be utilized by STIS in the investment of certain assets of clients for whom a SunTrust Bank Model Portfolio has been selected. SunTrust Bank will provide discretionary investment advisory services to STIS by providing STIS with investment recommendations for each Model Portfolio and/or Asset Allocation Model in accordance with the investment objectives and strategies and/or risk

tolerance for each such Model Portfolio and/or Asset Allocation Model. SunTrust Bank will also provide initial and ongoing due diligence with respect to sub-advisers, Model Portfolio managers, and their models, mutual funds and ETFs in the AMC Fund Select Advisor, AMC Fund Select Tactical and AMC Pinnacle programs.

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

### *Code of Ethics*

STIS has adopted a Code of Ethics ("Code") for its advisory business which is intended to reinforce the fiduciary principles that govern the conduct of the firm and our personnel. This Code sets the standards of conduct expected of our advisory personnel, safeguards to material nonpublic information about client accounts and transactions and requires certain personnel to report their personal securities transactions. A copy of the STIS Code is available upon request from any STIS IAR.

### *Participation in Client Transactions*

STIS and our investment personnel may recommend securities in which we or our investment personnel or employees have a financial interest or control relationship directly or indirectly, and we or our investment personnel may buy and sell securities that we or they recommend to advisory clients for purchase and sale. They may also give advice and take action in the performance of their duties to clients that differs from advice given, or the timing and nature of action taken, with respect to other clients' accounts.

### *Personal Trading*

Personal securities transactions by STIS employees or transactions for the firm's affiliates may raise potential conflicts of interest when a security is traded that is 1) owned by client or 2) considered for purchase or sale for client. STIS has, as part of its internal compliance program, adopted policies and procedures which impose certain rules and restrictions as to transactions for the firm's account and for the accounts of employees and affiliates. Such policies and procedures are designed to prevent improper or unethical conduct whenever a potential conflict of interest may arise. Personal trading by our employees must be conducted in compliance with all applicable laws and procedures.

As a broker-dealer, STIS maintains an investment account to meet its net capital requirement. This account is invested in U.S. Treasuries and a high quality money market fund in which clients may also invest; however, due to the nature of these investments, and the fact that none of our affiliated entities are involved in their underwritings, there are no conflicts of interest.

STIS performs for other clients services similar to those that are provided to the Program client, as well as other types of investment related services. STIS may take actions and give advice that may differ from the advice given, or in the timing and nature of the action taken, with respect to the account of an AMC Fund Select Tactical client. Neither STIS nor anyone associated with STIS has any obligation to make or refrain from making to an AMC Fund Select Tactical client recommendations, purchases, sales, or transfers of any investment that may be purchased or sold for any other client or for the benefit of anyone associated with them. Transactions in any specific investment may be executed at different times and prices for different clients. STIS may utilize different schedules as they relate to fees for the Program; therefore, the costs of obtaining services similar to AMC Fund Select Tactical may be more or less than those charged to other clients of STIS.

STIS IARs may not recommend the purchase of securities issued or guaranteed by SunTrust Banks, Inc. or purchase or recommend the purchase of securities issued by The Coca Cola Company.

SunTrust Bank, its affiliates and their employees may make political and charitable contributions to various persons and organizations. The ensuing goodwill may result in added business to STIS. STIS does not have any soft-dollar arrangements.

**Review of Accounts**

Supervisory reviews are conducted by the firm's Central Supervision Group, which consists of a Group Supervisory Specialist Manager, three Group Supervisory Specialist ("GSS") Team Leads and 20 to 22 Group Supervisory Specialists who report to their respective GSS Team Leads.

Each GSS Team Lead and their GSS Team are responsible for reviewing AMC program account opening documentation, trading within each account and the annual review process, among other items for their designated areas. The firm utilizes a surveillance program that the GSS' use to monitor the trading in AMC Fund Select Tactical accounts via alerts and filters on a daily basis.

Clients receive written confirmations from NFS when a trade is executed in their account and may elect to receive such confirmations electronically; however, clients will have the option of waiving receipt of separate transactional confirmations in exchange for a quarterly compilation of all transactions. Clients only receive monthly written statements from NFS if there has been activity in their account otherwise the client receives a quarterly brokerage statement and may elect to receive such statements electronically. Such statements reflect the activity in the account during the specific time period.

Lockwood will prepare Quarterly Reports ("Reports") which compares the client's account to leading securities market indices. Lockwood may rely on information provided by third parties, such as recognized independent quotation and valuation services. STIS believes that this information is reliable; however, STIS will not independently verify the accuracy of the information provided by these services. A copy of the report will be sent by STIS to client upon request. If the client chooses to receive Performance Reports, they will be available to the client following the end of each calendar quarter during which the account is open. Clients will not be charged a fee in addition to the Program Fee described below if they choose to receive Performance Reports. Clients should compare their performance report information to their monthly or quarterly account statements from NFS and should report any discrepancies to their STIS IAR.

**Payment for Client Referrals**

SunTrust Bank employees are paid a nominal referral fee for making general referrals of customers to STIS. **See Other Financial Industry Activities and Affiliations, SunTrust Bank Referral Incentive Plan, above for details.**

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