

## CAPTRUST Financial Advisors

4208 Six Forks Road, Suite 1700

Raleigh, NC 27609

Phone: (919) 870-6822

Toll Free: (800) 216-0645

Fax: (919) 870-8891

<http://www.captrustadvisors.com>

June 1, 2015

This Form ADV Part 2 is CAPTRUST’s disclosure brochure (“Brochure”) for wealth clients utilizing non-wrap fee advisory services. The Brochure provides information about the qualifications and business practices of CAPTRUST Financial Advisors. In compliance with recent regulatory requirements, we are obligated to provide clearly written, meaningful, current disclosure of our business practices, conflicts of interest and the background of our Financial Advisors.

If you have any questions about the contents of this Brochure, please contact us at (919) 870-6822 or toll-free at (800)216-0645, or you may reach the Compliance Department by email at [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com).

The information in this Brochure *has not* been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

CAPTRUST Financial Advisors is an investment adviser registered under the Investment Advisers Act of 1940. Registration of an investment adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an adviser.

Additional information about CAPTRUST Financial Advisors also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

[\(Please see page 15 for our Privacy Policy\)](#)

## Item 2 – Summary of Material Changes

We've summarized below the changes to this document since it was last updated on March 31, 2015.

In general (throughout), references to CAPTRUST as a "dual registrant" have been changed to reflect that CAPTRUST separated its broker/dealer operations from its investment advisory operations effective 1/1/2015. The change resulted in a change to CAPTRUST's Central Registration Depository number ("CRD") which is now CRD#175112. This change is not considered material since there has been no change in control. CAPTRUST's affiliated broker/dealer is called CapFinancial Securities, LLC ("CFS") and retained the CRD #126291. Also, syntax and typographical errors have been corrected throughout.

Under Item 4, we have updated the total amount of discretionary and nondiscretionary client assets to reflect the asset under advisement as of May 2015. The discussion regarding the form of direct and indirect ownership has been updated to reflect a corporate restructuring taking place in May 2015.

Additionally, the description of investment supervisory services has been amended to more clearly explain conditions under which a client may choose to open a commission-based account utilizing CAPTRUST's affiliated broker/dealer, CapFinancial Securities, LLC (CFS) rather than a fee-based account. An additional bullet point was added referencing CAPTRUST's "wrap-fee" advisory services which are disclosed separately in ADV Part 2A Appendices.

Item 5 Fees and Compensation - This Section has been completely revised to include detailed descriptions of CAPTRUST's affiliated broker/dealer, CFS's clearing agreement and revenue sharing arrangements with Pershing, LLC and a detailed discussion on fees and conflicts, including a discussion regarding the receipt of 12b-1 fees by CFS (the affiliated broker/dealer).

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss - has been expanded to include a discussion of "other" risks specific to portfolio management strategies employed by CAPTRUST.

Item 10 has been amended to disclose new affiliation (by common ownership) with Pensionmark Financial Group, LLC, an investment adviser registered under the Investment Advisers Act of 1940, and a discussion of the role CFS (the affiliated broker/dealer) has with respect to Wealth Clients and Institutional Clients.

Item 12 Brokerage Practices - has been amended. Specifically, the last sentence regarding 12b-1 fees has been deleted. *This sentence was not accurate as 12b-1 fees do not reduce the typical wealth advisory fee. A discussion of 12b-1 fees has been added Item 5.*

Business Continuity Summary has been updated to reflect the changes resulting separation of the investment adviser from the broker/dealer.

Each year, we will provide each *client* with (i) a free updated *brochure* that either includes a summary of material changes or is accompanied by a summary of material changes, or (ii) a summary of material changes that includes an offer to provide a copy of the updated *brochure* and information on how *clients* may obtain the *brochure*.

This year (2015) since we have made substantial revisions to several Items including fees and conflicts, we are sending you our revised Wealth (nonwrap) Disclosure Brochure.

Our Brochure may be requested by email at [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com) or by contacting us toll-free at (800)216-0645.

Additional information about CAPTRUST Financial Advisors is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with CAPTRUST Financial Advisors who are registered, or are required to be registered, as investment adviser representatives of CAPTRUST Financial Advisors.

### Item 3 -Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Summary of Material Changes .....	ii
Item 3 -Table of Contents .....	iv
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	6
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 – Disciplinary Information .....	8
Item 10 – Other Financial Industry Activities and Affiliations .....	8
Item 11 – Code of Ethics .....	9
Item 12 – Brokerage Practices .....	11
Item 13 – Review of Accounts.....	13
Item 14 – Client Referrals and Other Compensation.....	14
Item 15 – Custody .....	14
Item 16 – Investment Discretion .....	15
Item 17 – Voting Client Securities.....	15
Item 18 – Financial Information.....	15
Privacy Policy .....	15
Business Continuity Disclosure/Summary .....	17
Item 1 – Cover Page ADV Part 2B.....	19
CAPTRUST Investment Committee .....	19
Item 2 - Educational Background and Business Experience.....	20
Item 3 - Disciplinary Information .....	22
Item 4 - Other Business Activities.....	22
Item 5 - Additional Compensation .....	23
Item 6 - Supervision .....	23

#### Item 4 – Advisory Business

CAPTRUST Financial Advisors, also known as CapFinancial Partners, LLC, (“CAPTRUST” or “Adviser”) was established in April 2003 and approved as a Registered Investment Adviser in September 2003. . The CapFinancial Group, LLC (a North Carolina limited liability company) is a 100% owner of CAPTRUST. CapFinancial Holdings, Inc. (a North Carolina corporation) is the majority owner of The CapFinancial Group, LLC and Mr. James Fielding Miller, the CEO of CAPTRUST, owns slightly less than 50% of CapFinancial Holdings, Inc. The CapFinancial Group, LLC and CapFinancial Holdings, Inc. are owned and operated by CAPTRUST employees and based in Raleigh, North Carolina.

CAPTRUST is an investment adviser registered under the Investment Advisers Act of 1940. CAPTRUST provides investment advisory services to wealth management clients such as individuals, trusts, estates and charitable organizations, foundations, endowments, corporations or other businesses not listed above collectively referred to herein as “Client” or “Wealth Client.” Approximately 30% of CAPTRUST advisory fee revenue is derived from the continuous and regular investment supervisory services rendered to Wealth Clients.

CAPTRUST also provides retirement plan advisory services to pension, profit sharing plans and other qualified Plans (“Plan Clients”) which are disclosed in a separate Brochure (Form ADV Part 2) which represents approximately 70% of advisory fee revenue.

As of May 31, 2015, CAPTRUST discloses a total of \$173,285,722,632 in assets under advisement. This includes \$167,426,317,183 nondiscretionary institutional assets under advisement (primarily comprised of ERISA qualified retirement plan where CAPTRUST acts as a 3(21) fiduciary and other institutional client assets), and \$2,892,510,681 in discretionary qualified retirement plan assets under management where CAPTRUST acts as an ERISA 3(38) investment manager and \$2,966,944,768 are Wealth Client (discretionary) assets under management.

CAPTRUST is affiliated by common ownership with CapFinancial Securities, LLC (CFS), which is registered under the Securities Exchange of 1934, and a member of FINRA/SIPC. Most Investment Advisory Representatives (IARs) of CAPTRUST are also registered representatives of CFS which poses conflicts of interest that are detailed in this brochure.

CAPTRUST will require each Client to make a selection of services in writing as part of the ***Consulting Services Agreement(s) (“CSA”) or a Portfolio Management Account Agreement (“PMA Plus”)*** (collectively referred to as “Agreement” or “Agreements”), which sets forth the rights and obligations of CAPTRUST and the Client. The Agreements are customized to state the quoted or negotiated fee.

CAPTRUST offers the following service(s) to the Client:

#### **Investment Advisory Services**

- Establishment of Investment Objectives and Guidelines
- Asset Allocation Analysis
- Investment Manager Selection /Mutual Fund Evaluation
- Ongoing Investment Manager/Mutual Fund Due Diligence
- Ongoing Quarterly Performance Measurement

### **Financial and Estate Planning Services**

- Financial Plan and Analysis
- Estate Planning Review with Legal and/or Tax Advisor
- Tax Review with Legal and/or Tax Advisor
- Insurance Review
- Charitable Gifting Strategies with Legal and/or Tax Advisor

Adviser may provide **investment supervisory services** on a discretionary or non-discretionary basis and may include the following:

- Adviser may design, revise, and reallocate a Client's custom portfolio. Investments are determined based upon the Client's investment objectives, risk tolerance, net worth, net income, age, time horizon, tax situation and other various suitability factors.
- Adviser may manage the Client's custom accounts on an individualized basis. Restrictions and guidelines imposed by Clients may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and Clients should not expect that the performance of their custom portfolios will be identical to any other individual's portfolio performance).
- Adviser may utilize services of sub-advisers and established third party research services to assist Adviser with formulating asset allocation, industry and sector selection, and individual security investment recommendations in constructing and maintaining custom portfolios.
- In general, Adviser's Clients enter into a fee-based Agreement but, occasionally Clients may choose a commission-based brokerage account instead. This is permissible since the Adviser is affiliated with a registered broker/dealer (CFS) described above.
- Advisory fees stated in CAPTRUST's fee-based Agreements do not include the cost of trade executions which are born by the Client. Should a transaction be a block trade for securities to be apportioned over various suitable accounts, the commission will be billed pro rata according to the portion of the trade placed in the Client's account. Commissions charged may be higher or lower than obtainable elsewhere.
- Additionally, CAPTRUST's offers "wrap-fee" advisory services which are disclosed separately in ADV Part 2A Appendices ("Wrap Brochures"). Wrap-fee accounts are covered by separate (wrap fee) advisory agreements in which advisory fees include the cost of execution.

**Other Investment Advisory Services.** Adviser may provide investment advisory services that do not involve investment supervisory services on a discretionary or non-discretionary basis. In order to determine a suitable course of action for an individual Client, Adviser shall perform a review of the variables that are presented. Such review may include, but would not necessarily be limited to, investment objectives, consideration of the Client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the Client's particular circumstances. Adviser may provide asset management services to Clients on a non-discretionary basis. In connection therewith, Adviser may provide investment supervisory or management services or may recommend products or services by other investment advisers.

**Wrap Fee Accounts.** CAPTRUST also sponsors Wrap Fee Program Services, which are administered through Pershing, LLC ("Pershing" or "Clearing Firm") so in order to participate in CAPTRUST Wrap Fee

Programs Clients must utilize CapFinancial Securities, LLC (CFS) and establish an account at Pershing, LLC. The Wrap Fee Programs are designed to assist clients, both individuals and institutions (such as corporations and other business entities, trusts, estates, and charitable organizations), to identify their investment needs and to obtain professional asset management for a convenient single "wrap" fee. CAPTRUST's Wrap Fee Brochures (ADV Part 2A Appendices 1) provide clients with disclosure information about the PMA and SMA Wrap Fee Programs offered through CAPTRUST. An investor should consider all of the information within the Wrap Fee brochures before participating in a Wrap Fee Program. The information in CAPTRUST's PMA and SMA Wrap Fee brochures have not been approved or verified by any governmental authority.

**Consultations.** Adviser may furnish investment advice through individual consultations. To the extent it is requested to do so, Adviser may provide its Clients with investment advisory and consultation services on a "fee for service" basis. In order to determine a suitable course of action for an individual Client, Adviser shall perform a review of the variables that are presented. Such review may include, but would not necessarily be limited to, investment objectives, consideration of the Client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the Client's particular circumstances.

Adviser will obtain pertinent information from the Client verbally or by way of any current information gathering documents approved for use by Adviser or other documents and data provided by Client. This information gathered will assist Adviser in determining the most appropriate course of action for its Client's financial and investment activity.

Adviser may offer advice on private placements and/or limited partnerships that may be considered "alternative investments," for example limited partnerships that are known as a "fund of funds" (typically a fund of "hedge" funds). Adviser may also offer advice on private equity funds that contain investments in equities, futures, options, and other securities. Any such recommendation will be made only when determined to be suitable and must be accompanied by or preceded by prospectus or offering memorandum.

## **Item 5 – Fees and Compensation**

In General, fees charged for investment advisory services are payable quarterly, in advance, and are based upon the market value of the Client's assets on the last business day of the calendar quarter. Fees are generally deducted from the Client's account(s) or may be direct billed to the Client or to a third party custodian at the Client's instruction.

The Agreement will continue in effect until terminated by either party upon thirty (30) days written notice to the other party. However, if the Client has not received the CAPTRUST Disclosure Brochure, Form ADV 2, at least 48 hours prior to entering into the Agreement, the Client may terminate the agreement within five business days of entering into the agreement without penalty.

If any advisory relationship terminates before the last day of a quarter, fees are prorated accordingly, and the Adviser will refund any unearned fees due to the Client.

Fees, minimum accounts sizes and services are negotiable and may be waived under certain circumstances. For example, Adviser, in its sole discretion, may charge a lesser (or no) advisory fee

based upon certain criteria (e.g. existing financial planning client relationship, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with Client, etc.). Adviser and investment adviser representatives may also be compensated through commissions for transactions conducted on behalf of investment adviser Client accounts. CFS (the affiliated broker/dealer) may be compensated by general promotion, advertising, and distribution fees (such as 12b-1 fees) in relation to Client purchases and sales of mutual fund shares.

Adviser may provide *investment supervisory services* on a discretionary or non-discretionary basis. Adviser's fees for these services are negotiable depending on the specific type of investment management services to be rendered (as detailed in the *Agreement*), but generally will be calculated as a percentage of total assets under management according to the following schedule:

<b>Gross Market Value</b>	<b>Maximum Annual Fee</b>
0-\$500,000	2.25%
\$500,001 – \$1,000,000	2.00%
\$1,000,001 – \$2,000,000	1.75%
\$2,000,001 - \$5,000,000	1.25%
Over \$5,000,001	1.00%

This Brochure is intended for Clients that *do not* elect a wrap-fee account. For those Clients, CAPTRUST's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus these charges and fees are exclusive of and in addition to CAPTRUST's fee.

CAPTRUST recommends that Wealth Clients establish brokerage accounts with affiliated broker/dealer, CapFinancial Securities, LLC. CapFinancial Securities, LLC is a fully disclosed introducing broker/dealer utilizing the custody, clearing and execution services of Pershing, LLC ("Custodian"). CAPTRUST is independently owned and operated and not affiliated with Pershing and other custodians. However, some CAPTRUST Clients utilize Fidelity or Schwab for custodial and execution services ("other custodians").

For Clients whose brokerage accounts are custodied at Pershing, LLC, transactions are facilitated by Capfinancial Securities, LLC, in its capacity as a registered broker/dealer and/or insurance agency (business entity). CFS as an introducing broker/dealer participates in Pershing's FundVest® Program. Brokerage accounts opened through CFS are held at Pershing LLC, (Pershing) which is an unaffiliated company that acts as a clearing firm for CFS. Pershing receives servicing fees from certain mutual fund families to participate in Pershing's mutual fund no-transaction-fee program (called FundVest®). FundVest revenue is based on total value of assets in particular mutual funds. Pershing passes a portion of the FundVest revenue on to CFS. CFS receives this additional compensation for providing shareholder services and other administrative services to CAPTRUST clients. In addition, Pershing does not charge CFS transaction charges for transactions in funds that participate in the FundVest® program. Under the FundVest Program, Pershing pays CFS a fee based on the total value of client assets invested in the



Pershing FundVest funds. The list of funds and families is accessible to CFS through Pershing's proprietary system (Netx360). Investments can be made in the FundVest funds without paying a load or a trading commission. These funds are called "no transaction fee" funds. This approach is possible because the funds participating in FundVest pay Pershing fees to be on the FundVest list. The payment of this compensation to CFS constitutes a conflict of interest since CAPTRUST indirectly benefits by Pershing's revenue sharing arrangement because of its affiliation to CFS. However, FundVest revenue is *not shared* with individual Financial Advisors, so your Financial Advisor does not have an incentive to recommend FundVest funds over others. Other brokerage firms/custodians (Fidelity or Schwab) also offer "no transaction fee" fund programs but do not pay CFS or CAPTRUST any fee for client participation in such programs.

In general, the FundVest arrangement may incentivize CAPTRUST to recommend or utilize funds on Pershing's FundVest list (for which CFS receives compensation) over other funds that do not offer such compensation. However, we mitigate this conflict by preventing individuals on CAPTRUST's Investment Committee who are involved in investment and manager due diligence from having access to information about the compensation paid to CFS in connection with Pershing's FundVest platform. CAPTRUST's investment committee does not consider FundVest funds when determining which funds to recommend to clients or which funds to place in managed accounts (wrap or non-wrap).

CFS also receives compensation from the Clearing Firm based on the value of credit balances in certain Pershing accounts. For example, if cash is swept into a money market fund, CFS receives compensation based on the value of assets in these funds as broker/dealer. Thus, as an affiliate of CFS, CAPTRUST has an incentive to recommend that clients select money market funds as a sweep vehicle that pays more compensation to CFS than other funds.

The payment of compensation by Pershing to CFS does not diminish CAPTRUST's duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

Clients should also be aware that mutual funds have expenses that are separate and apart from any fees charged by CAPTRUST. These expenses are disclosed in the prospectus for each mutual fund and usually expressed as an "expense ratio." Also, mutual funds may charge early redemption fees should Fund holdings in the account be liquidated within a certain period of time, typically within 30 to 180 days dependent upon each mutual fund company's policy. CAPTRUST advises Clients to buy and hold recommended securities unless an event triggers a change to CAPTRUST's opinion on a particular mutual fund or fund management. CAPTRUST monitors Client accounts closely for any activity that may cause such a penalty. But, Clients should refer to the respective mutual fund's prospectus and statement of additional information for information regarding these fees and expenses.

As part of Adviser's risk based approach to asset allocation, Adviser recommends Wealth Clients invest in [hedge] fund(s)-of-funds. Fund(s)-of-funds typically carry additional fees over and above the fees discussed in this section. Since hedge fund managers typically charge performance fees (over and above their management fee) and because hedge fund(s)-of-funds are comprised of allocations to many hedge fund managers, each manager charges its own management fee and many also charge performance fees which creates a layering effect. Consequently, CAPTRUST Wealth Clients should be aware of these unusual (additional) costs associated with investing in fund(s)-of-funds. Each fund-of-fund discloses its own fee structure in the prospectus for that fund. CAPTRUST shall not receive any portion of these charges, fees and costs.

Generally, CAPTRUST purchases institutional class or no-load mutual funds in Investment Portfolios which do not generate sales charges. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from Fund assets, therefore, indirectly from client assets. Adviser may be compensated by general promotion, advertising, and distribution fees (12b-1 fees) in relation to Client purchases and sales of mutual fund shares.

In general, fees associated with non-wrapped investment advisory services such as described here are slightly lower than investment advisory services provided under the CAPTRUST Wrap Fee Program.

CAPTRUST may give advice to others that may be different from the advice given to other CAPTRUST Clients. Clients should consider the value of the additional consulting services when making such comparisons. Some combinations of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees.

All fees may be subject to negotiation. When negotiating fees, factors considered, but not limited to, include: (i) clients with multiple accounts; (ii) size of the account; (iii) a prior or existing relationship; and (iv) a client's particular needs or financial characteristics. Due to the fact that fees may vary, clients with existing accounts may be charged fees not matching precisely the foregoing fee schedules or the fees paid by other clients.

Other costs that may be assessed that are not part of those outlined above include fees for portfolio transactions executed away from the broker/custodian selected by the client, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers, and exchange fees, among others. Broker/custodian may charge Client certain additional and/or minimum fees.

**Fixed Fee Service.** Some Clients engage CAPTRUST to provide investment advisory and consultation services for a fixed or flat fee. Fixed fees are negotiable, but generally range from \$10,000.00 to \$250,000.00 on an annual basis, depending upon the level and scope of the services required. Adviser's fixed rate is determined based on anticipated work to be done. Fixed fee(s) will be charged quarterly in advance, (calculated on a per diem basis) upon the signing of a CSA by the Client. Fees for Clients engaging Adviser mid-quarter will be prorated on a per diem basis.

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

CAPTRUST does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client).

#### **Item 7 – Types of Clients**

CAPTRUST provides investment advisory services to wealth management clients such as individuals, trust, estates and charitable organizations, foundations, endowments, corporations or other businesses not listed here.

CAPTRUST also provides advisory services to retirement plans including, 401K plans, 403B plans, pensions and profit sharing plans, non-qualified plans, foundations, endowments, corporations (or other institutional clients or businesses not listed above) on a continuous and regular basis, but those services are disclosed separately in CAPTRUST's Retirement Plan Services Disclosure Brochure.

In general, Adviser maintains a minimum account size requirement for its wealth Clients of \$50,000 to initially establish an account. The value of this account is subject to fluctuation, and therefore there is

not a minimum maintenance requirement. Adviser retains the right to waive minimum initial account sizes should Adviser feel it is necessary and appropriate.

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

Our investment strategy begins with an understanding of a Client's financial goals. Adviser uses demographic and financial information provided by the Client to assess the client's risk profile and investment objectives in determining an appropriate plan for the client's assets. Investment strategies generally include long- or short-term purchases of stock portfolios, mutual funds and fixed income securities and may include margin transactions, and options strategies

Investment recommendations are based on an analysis of the Client's individual needs, and are drawn from research and analysis. However, in general, security analysis methods include fundamental analysis as well as quantitative and qualitative research on a given investment vehicle. Information for this analysis may be drawn from financial newspapers, magazines and databases, research materials prepared by others, annual reports, corporate filings and prospectuses. Additional sources of information utilized by CAPTRUST include meetings and discussions with investment managers employed by investment companies, statistical summaries and analysis and such other sources CAPTRUST deems appropriate. CAPTRUST may utilize services of sub-advisers and established third party research services to assist CAPTRUST with formulating asset allocation, industry and sector selection, and investment recommendations in managing the Client's funds. Technical analysis may be used when analyzing indices and/or securities other than open-ended mutual funds.

It is important to note that investing in securities involves certain risks that are borne by the investor. For risks associated with investment company (mutual fund) products Clients should refer to fund prospectuses. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury

Bills are highly liquid, while real estate properties are not. Some funds utilized in strategies employed by CAPTRUST carry liquidity risk.

- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Concentration Risk: Concentration Risk: The probability of loss due to heavy exposure to a single investment, equity or issuer. Some funds utilized in risk-based asset allocation (model strategies such as "DCP", "MAP", "Income", "Flex Income" or "Income w Muni's") employed by CAPTRUST carry a kind of concentration risk since Clients may own more than one fund managed by the same issuer; or Clients may be invested in several funds with similar strategies which poses a type concentration risk. Another form of "concentration risk" occurs when one group of Clients comprise a large portion of a mutual funds total asset base, those investors experience an additional risk (over and above the risks associated with the investment's strategy) due directly to the "concentration" of their assets in that fund. CAPTRUST strategies may involve some or all of the types of concentration risk described here.
- Other risks: Our recommended strategies include these risks (listed above) as well as other risks that are more specifically associated with managers, strategies, funds or instruments we select or recommend. For example, some recommended managers use derivatives (such as options as a hedge) which pose special risks; others carry liquidity risk specific to underlying investments; additionally, some of our asset allocated model portfolios have a particular concentration risk since we may allocate a large portion of a portfolio to a single manager, or a fund complex. Some portfolios include alternative (or uncommon) investment strategies; or allocations to funds with limited or no prior history of operations. Each recommended manager discloses risks associated with investing in their fund(s) separately (in their respective brochures and/or prospectuses). Although we acknowledge that Clients are relying on CAPTRUST to manage portfolio risk, Clients are encouraged to read prospectuses and ask questions of our financial advisors, portfolio managers or compliance team members. Call (919) 870-6822 or send a message to [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com).

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client or prospective client's evaluation of CAPTRUST or the integrity of CAPTRUST's management. Neither CAPTRUST management, nor members of CAPTRUST's Investment Committee have any reportable disciplinary history for this Item. Each Financial Advisor who acts as a Portfolio Manager has a separate Form ADV Part 2B. Please refer to your Financial Advisor's Form ADV Part 2B for personal disciplinary information for that FA.

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

CAPTRUST is affiliated by common ownership to CapFinancial Securities, LLC, a FINRA broker-dealer (Member SIPC). CAPTRUST is registered as a Commodity Trading Advisor with the National Futures

Association because occasionally CAPTRUST renders investment advice with respect to commodities and/or futures as part of an asset allocation, but CAPTRUST does not manage any proprietary funds.

Many Financial Advisors are life insurance licensed in order to act as agent of record for those Clients who own life insurance products or retirement plans funded with group variable products. Financial Advisors at CAPTRUST may occasionally recommend fixed or variable annuities or life insurance to their Wealth Clients when assisting them in executing their financial plan. CFS and CAPTRUST have business entity insurance licenses.

CFS, as an affiliated registered broker-dealer, offers individual (Wealth Clients) and institutional (Plan Clients) general securities investment services. The Investment Adviser Representatives with Adviser are simultaneously registered as CFS Registered Representatives. A Financial Advisor generally spends 20% of his/her time on work done for Clients focused on activities consistent with the definition of broker/dealer activities.

As a result of certain investment related recommendations (or other investment advisory services) provided to its Clients, CFS may facilitate certain securities purchases and/or sales, or insurance product purchases and/or sales on behalf of CAPTRUST Clients. Such transactions may be facilitated by CFS, in its capacity as a registered broker/dealer or insurance agent/agency (business entity). Commissions charged by CFS (the broker/dealer) may be higher or lower than obtainable elsewhere. All related compensation is separate from advisory services. In general, product revenue associated with Plan Client assets is captured to reduce the plan advisory fee pursuant to the terms of the RPASA.

Freedom One Retirement Services, LLC (“FORS”) is also affiliated with CAPTRUST by common ownership. CAPTRUST acts as a discretionary ERISA 3(38) investment manager for Plan Clients for whom recordkeeping services are provided FORS (“Freedom401k Clients”). Freedom401k Clients may be paying more or less for recordkeeping services than other Plan Clients utilizing unaffiliated record keepers.

Pensiomark Financial Group, LLC (“PFG”) is affiliated with CAPTRUST by common ownership. Some associated persons of PFG are also registered as Investment Advisory Representatives of CAPTRUST and/or registered representatives of CFS.

In general, CAPTRUST recommends that wealth clients, foundations, endowments or other institutional (non-qualified plan) clients (collectively referred to herein as “Wealth Clients”) establish brokerage accounts through CFS using Pershing (“Custodian”) to maintain custody of Clients’ assets and to effect trades for their accounts. However, some CAPTRUST Wealth Clients utilize Fidelity or Schwab for custodial and execution services (“Custodians”). However, Wealth Clients using CAPTRUST Wrap Programs are required to use Pershing which provides the managed account platform for CAPTRUST’s Wrap Programs. (Please refer to CAPTRUST ADV Part 2 Wealth brochures and Appendices for information and important disclosures on these Wealth Advisory Services). These Custodians are FINRA registered Broker-Dealers. CAPTRUST is independently owned and operated and not affiliated with any Custodian.

#### **Item 11 – Code of Ethics**

Personal transactions in securities by directors, officers and employees of CAPTRUST who have access to nonpublic information regarding Clients’ purchase and sale of securities, are involved in making securities recommendations to Clients or who have access such non-public recommendations (“access

persons”) are subject to the restrictions and procedures in CAPTRUST’s Code. All supervised persons at CAPTRUST must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code addresses, among other things, the following: (i) general principles that address CAPTRUST’s fiduciary obligations to its Clients, (ii) personal securities trading procedures restricting the purchase and sale, by access persons for their own accounts, of specific securities; (iii) provisions relating to the confidentiality of Client information; (iv) a prohibition on insider trading; and (v) restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment.

Occasionally, access persons of Adviser may recommend that Clients buy or sell the same securities or investment products that access persons of the Adviser also own. In such circumstances, Adviser shall give precedence to Client transactions. CAPTRUST’s employees and persons associated with CAPTRUST are required to follow the Code of Ethics. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CAPTRUST will not interfere with (i) making decisions in the best interest of advisory Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of CAPTRUST’s Clients. In addition, the Code requires pre-approval of specific types of transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client. Employee trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between CAPTRUST and its Clients.

Block Trades: CAPTRUST may, in its discretion, “bunch” orders being placed for execution at the same time for the accounts of two or more clients, which may include accounts in which CAPTRUST’s affiliates and employees may have an ownership interest, where it believes such aggregation is appropriate and in the best interest of its Clients. This practice may enable CAPTRUST to seek more favorable executions and net prices for the combined order. However, CAPTRUST is not obligated to bunch or aggregate orders or to include any particular account in a bunched order if portfolio management decisions for such accounts are made separately or if CAPTRUST determines that aggregating trades would be inconsistent with the Adviser’s investment management duties or with any investment objectives, guidelines or restrictions applicable to a particular account.

All orders placed for execution on an aggregated basis (“block” trades) are subject to CAPTRUST’s Trade Allocation Procedures (“Procedures”). Under the Procedures, CAPTRUST will bunch orders where appropriate for the participating Clients and when consistent with CAPTRUST’s duty to seek best execution. Prior to or contemporaneous with the entry of an aggregated order, a written preallocation and/or other written statement will be generated, which identifies the Client accounts or trading group(s) of Client accounts participating in the bunched order, the proposed allocation of the order, upon completion, to the relevant Client accounts or trading group(s) and the amount (either in dollars, number of shares, or % of market value of Client account(s)) that the portfolio manager will accept for each Client account or trading group of Client accounts. Prevailing trading activity frequently may make it impossible to receive the same price or execution on the entire volume of securities purchased or sold. When CAPTRUST cannot fill all orders at the same price, each account that participates in the block order will receive the average price for all the transactions on a particular day. Thus, the effect of the aggregation may operate in some circumstances to a particular Client’s disadvantage. When a

bunched order is partially filled, the securities actually purchased or sold by the close of each business day will be allocated in a manner that is consistent with the initial preallocation statement and that does not consistently advantage or disadvantage particular Clients or groups of Client accounts, as determined by CAPTRUST from time to time. However, adjustments to the allocation may be made to avoid *de minimis* allocations to Client accounts or to avoid deviations from pre-determined holding limits established for any account. CAPTRUST will retain records of the trade order (specifying each participating account) and its allocation.

In addition, although CAPTRUST generally attempts to block trades for Client accounts, aggregation may not be possible because of that Client's specific brokerage arrangements or other factors. As previously mentioned, CAPTRUST recommends that Wealth Clients establish accounts with Pershing (and Wrap Fee accounts must use Pershing), some Clients may select Schwab or Fidelity act as custodian and broker/dealer for their accounts. As such, when the PMA Portfolio Manager implements a portfolio decision or strategy ahead of or contemporaneously with, similar portfolio decisions or strategies of another Client, market impact, liquidity constraints or other factors could result in one or more Clients receiving less favorable trading results, the costs of implement such portfolio decisions or strategies could be increased or such Clients could otherwise be disadvantaged. On the other hand, potential conflicts may also arise because portfolio decisions regarding a Client or group of Clients may benefit other Clients. There can be no assurance that any actual or potential conflicts of interest will not result in a particular Client or group of Clients receiving less favorable investment terms in or returns from certain investments than if such conflicts of interest did not exist.

CAPTRUST's Clients or prospective clients may request a copy of the Adviser's Code of Ethics by contacting the Compliance Department at (919) 870-6822 or (800) 967-9948 or by email at [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com).

#### **Item 12 – Brokerage Practices**

Financial advisors (Investment Adviser Representatives) of Adviser also effect securities transactions for Clients as registered representatives of a broker/dealer. Further, Adviser or its associated persons may receive compensation for such transactions, where such compensation is separate and distinct from Adviser's compensation related to its investment advisory services. All FINRA, SEC, and other regulatory agencies disclosure requirements and policies are observed for all transactions.

As stated in Item 4, most Clients choose wrap fee arrangement when utilizing the brokerage platform provided for by Pershing, LLC. See ADV Part 2A Appendix 1 for complete description of wrap fee programs sponsored by CAPTRUST.

CAPTRUST uses a risk-based approach to portfolio management. Regardless of whether a Client is in a "wrap" or a "nonwrap" account, when executing trade orders within a risk-based strategy including those described in the CAPTRUST PMA Wrap Brochure as "DCP", "PMA" or "MAP" strategies, accounts trades are blocked together if the objectives/instructions for the order are similar. Block trades across all three custodians are placed simultaneously regardless of whether the account is a wrap account or not. Please see Item 11 (Code of Ethics) for a complete discussion of Block Trading practices.

For CAPTRUST Client accounts maintained in custody by the Custodian described in Section 10, the Custodian generally does not charge separately for custody services but may be compensated by account holders through commissions and other transaction-related or asset-based fees for securities

trades that are executed through the Custodian or that settle in accounts held by the Custodian. The Custodian may also make available to CAPTRUST other products and services that could benefit CAPTRUST but may not benefit all Clients' accounts. Some of these other products and services assist CAPTRUST in managing and administering Clients' accounts. These may include software and other technology that provide access to Client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of CAPTRUST's fees from its Clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of CAPTRUST's accounts, including accounts not maintained at the Custodian.

Examples of other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, they may make available, arrange and/or pay for these types of services rendered to CAPTRUST by independent third parties or may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CAPTRUST.

The foregoing arrangements with the Custodian pose a conflict of interest to the extent they create an incentive for CAPTRUST to suggest that Clients maintain their assets in accounts at the Custodian on the basis of products and services that may become available to CAPTRUST as a result, rather than solely on the basis of the nature, cost or quality of custody and brokerage services provided by the Custodian to clients. However, CAPTRUST is constrained by fiduciary principles to act in its Clients' best interests and will suggest a custodian to clients only when it appropriate to do so. In addition, CAPTRUST maintains an awareness of the services provided to Clients by the custodians in an effort to ensure that Clients are well served.

Some Clients may use Bank of New York or an affiliated Trust Company for custodial services for their trusts or retirement assets. Therefore it is material to disclose that as a broker-dealer, CAPTRUST has an existing relationship with Pershing, LLC ("Pershing"), an affiliate of Bank of NY in the form of a "Clearing Agreement."

With regards to Client accounts maintained in custody by Pershing, pursuant to the "Clearing Agreement," with CFS, Pershing acts as a custodian/clearing firm to execute, clear, settle, and hold CAPTRUST Clients' accounts and securities. Although transactions (with the exception of those done by application) are placed through Pershing, LLC, CFS does not *direct brokerage* to any particular broker/dealer for execution, but rather relies on Pershing, LLC to direct brokerage execution.

Additionally, if a trade error occurs, it may result in profit or loss to CFS. The firm has controls in place to limit such trade errors. Financial advisors/registered representatives will not participate in any profits resulting from such errors. Item 12 includes additional details regarding brokerage practices and related disclosures.

Some transactions that must be done *by application or subscription agreement* will be facilitated directly with the fund administrator, insurance company, or other legal entity responsible for effecting such transactions. Most of Adviser's business is done on a fee basis. However, there are a limited number of Client accounts that are on a commissioned basis. All commissions received from effecting transactions



will be reviewed for reasonableness in accordance with Adviser's policy on best execution. Commissions and/or transaction fees charged by Pershing, LLC may be higher or lower than obtainable elsewhere.

Occasionally, CFS may, in its capacity as a FINRA Broker/Dealer, engage in riskless principal transactions giving CAPTRUST clients access to investments which otherwise may not be accessible in a retail brokerage account. For example, CFS may purchase a block of securities acting on a riskless principal basis and then allocate those securities amongst several CAPTRUST Client accounts. Rarely, CFS may engage in an agency cross transaction between two CAPTRUST Clients, but this only occurs when it is beneficial to both parties and Adviser does not act as a principal. However, Adviser does not engage in such transactions on behalf of Plan Clients.

Other CAPTRUST Clients utilize the brokerage platform provided by either Fidelity's Institutional ("Fidelity") or Charles Schwab Institutional ("Schwab"). In those cases, CAPTRUST does have the ability to negotiate fees or commissions on behalf of Clients, but CAPTRUST does not direct brokerage to a particular venue for execution, but rather relies on Schwab or Fidelity (with the exception of bond trades that may be directed to a prime broker available to CAPTRUST thru the Fidelity or Schwab Platforms). Fees and commissions charged by Fidelity or Schwab may be higher or lower than obtainable elsewhere. Circumstances occasionally arise when Schwab or Fidelity must impose a separate or special handling or custodial charge for acting as custodian for an exempt security or private placement that was recommended by CAPTRUST to a CAPTRUST Advisory Client. On a case by case basis, CAPTRUST may cover the cost of this type of fee on a "value-added" basis by having the fee directly billed to CAPTRUST rather than the Client or by reimbursing the Client.

### **Item 13 – Review of Accounts**

Client Accounts are advised by their financial advisor, the Investment Advisor Representatives (IAR) responsible for performing periodic reviews and consulting with the respective Client. Ongoing reviews of markets, sectors and individual securities are conducted by the respective IARs. Additionally, Client Investment Portfolio accounts are reviewed quarterly by the CAPTRUST Consulting Research Group, Principals and Compliance to determine the suitability and allocations of types of assets and investments in relation to a Client's objectives and the necessity or desirability of any change in such objectives. Unaffiliated mutual fund holdings and outside Investment Managers are monitored on a continuous and regular basis by CAPTRUST Consulting Research Group. Eric Freedman, Chief Investment Officer, heads up the Consulting Research Group. ADV Part 2B lists all the members of the Consulting Research Group who are involved in the review process and in determining the investment advice to be given by the Adviser. Denise Buchanan, Chief Compliance Officer, heads up the Compliance Team. Additionally, monthly statements/reports are provided by the custodian of the Clients Assets. Quarterly performance reports are prepared by CAPTRUST for Client accounts with assets over \$1,000,000 or Clients with multiple accounts with aggregated assets under management exceeding \$1,000,000; otherwise Clients may access performance reports produced by Pershing online.

A quarterly account appraisal will be created for the Clients as well as an annual year-end statement. Please see Item 15 for more information regarding reports sent by the Custodian.

Mutual fund holdings and Investment Managers are monitored on a continuous and regular basis by CAPTRUST CRG. Eric Freedman, Chief Investment Officer, heads up the CRG. ADV Part 2B lists all the

members of the Consulting Research Group who are members of the Investment Committee or who are involved in the review process and in determining the investment advice to be given by the Adviser. Denise Buchanan, Chief Compliance Officer, heads up the Compliance Team. Additionally, CAPTRUST receives monthly account statements and/or performance reports from Pershing. CAPTRUST receives a daily download of transaction information from Schwab and Fidelity and has access to Wealth Client accounts through their institutional advisor platform(s). Quarterly performance reports are prepared by CAPTRUST for Wealth Clients, with a composite prepared for Wealth Clients with assets over \$1,000,000. Clients with Pershing accounts may access online performance reports produced by Pershing. For information on how to access your reports at Pershing, please call your CAPTRUST Financial Advisor at (919)870-6822 or (800)216-0685 or you may email [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com).

Client agrees to inform the CAPTRUST in writing of any material changes to the Client's investment goals and objectives or financial situation that might affect the manner in which Client's assets should be invested. Additionally, Clients who wish to impose reasonable restrictions on the management of their accounts may do so by contacting their Financial Advisor at (919)870-6822 or (800)216-0685 or you may email [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com).

Additionally, Clients may contact CAPTRUST during normal business hours to consult with CAPTRUST concerning the management of the Client's account(s).

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

CAPTRUST, in some instances, may compensate third-party solicitors (or "Solicitor") for Client referrals. In order for a business entity to be compensated by CAPTRUST for referring a Client to CAPTRUST, the solicitor must be engaged by CAPTRUST under a Solicitor or Referral Agreement ("Agreement") in compliance with Section 206(4)-3 of the Investment Advisers Act of 1940. In general, a Solicitor is compensated by a percentage of the advisory fee collected for limited period of time specified in the Agreement. The Client pays no additional fee for the referral over and above CAPTRUST's quoted advisory fee; to the contrary, the fee the Adviser earns is reduced by the amount of the compensation to the Solicitor. A Client who is solicited by a Solicitor will receive the Solicitor's separate Disclosure Statement describing the nature of the arrangement in detail. Clients may request details regarding a particular Agreement by contacting us toll-free at (800)216-0645 or sending an email to [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com).

#### **Item 15 – Custody**

Clients should receive statements at least quarterly from the qualified custodian that holds and maintains the Client's investment assets. CAPTRUST urges Clients to carefully review such statements and compare the official custodial records to any reports that provided CAPTRUST. CAPTRUST reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. CAPTRUST does not act as a qualified custodian for Client assets. However, CAPTRUST does disclose upon the ADV Part 1 (Item 9) that it has custody of clients' funds or assets because of the method by which CAPTRUST processes third party checks for Wealth Clients and also because a small number of Wealth Clients have asked a CAPTRUST Financial Advisor to act as a trustee or in a similar capacity with respect to their wealth assets. Therefore, CAPTRUST undergoes an annual "surprise" audit by an independent certified public accountant to audit the funds and securities in the accounts for these Clients and who is also engaged to prepare an internal control report annually.

#### Item 16 – Investment Discretion

For certain of CAPTRUST Clients, Adviser has the authority to determine, without obtaining specific Client consent, both the securities to be bought and sold in their accounts as well as the amount of the securities to be bought or sold. However, this discretion must be provided at the beginning of the Adviser/Client relationship and documented in the **Agreement**. There is no particular set limit to this discretion established as part of the **Agreement** or this disclosure document. Adviser has the authority to determine the commission rates paid on behalf of the Adviser but does not have any control over the fees charged by the custodian/clearing firm for the services they provide. These fee changes have a direct impact to the Client as they may be charged commissions for certain transactions. There is no limitation on such discretion, and the Client may pay commissions higher than those obtainable from other broker/dealers for the same products and services. Through its affiliated broker-dealer, CAPTRUST has an existing relationship with Pershing as clearing firm to execute, clear, settle, and hold Client accounts and securities. Some transactions must be facilitated by application or subscription agreement. Those will be facilitated directly with either the fund administrator, insurance company, or other legal entity responsible for effecting such transactions. In general, Adviser's business is done on a fee basis. However, there are a limited number of Client accounts that are on a commissioned basis.

All commissions received by CFS from effecting transactions will be reviewed for reasonableness in accordance with Adviser's policy on best execution. Commissions and/or transaction fees charged by Pershing, LLC may be higher or lower than obtainable elsewhere.

#### Item 17 – Voting Client Securities

In general, where CAPTRUST has been provided discretionary authority by its Clients, Clients delegate the authority to vote their proxies to CAPTRUST. It is CAPTRUST's aim to see that proxies are voted in the best interest of its clients. In General, the proxy voting guidelines are designed to be responsive to the wide range of issues that can be raised in proxy situations. The Proxy Voting Policy contains detailed guidelines and specific methods by which conflicts of interests are addressed.

**Wrap Fee Accounts Managed By Outside Investment Managers:** Occasionally CAPTRUST recommends that a client use an outside manager. Under those conditions, Clients relegate the right to vote proxies to their outside account manager. The outside manager's proxy voting policies will be detailed in their Form ADV Part 2.

To obtain a copy of CAPTRUST's Proxy Voting Policy or for a copy of CAPTRUST's Proxy Voting record, Clients can contact CAPTRUST directly at: (800) 216-0645 or (919) 870-6822 or may write to [compliance@captrustadvisors.com](mailto:compliance@captrustadvisors.com) or to CAPTRUST Compliance Dept 4208 Six Forks Road #1700, Raleigh NC 27609.

#### Item 18 – Financial Information

Registered Investment Advisers are required to provide Clients with certain financial information or disclosures about CAPTRUST's financial condition. CAPTRUST has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of any bankruptcy proceeding.

#### Privacy Policy

CapFinancial Partners, LLC ("CAPTRUST") recognizes that its Clients have an expectation that CAPTRUST and its affiliates will maintain the confidentiality of Clients' nonpublic personal information.

Consequently, CAPTRUST has adopted this Privacy Policy concerning information obtained during the servicing of Client's account(s).

**Nonpublic information:** Nonpublic information obtained by CAPTRUST for purposes of providing services hereunder will not be furnished to third parties for any other purpose other than in furtherance of the services to be provided hereunder. Notwithstanding the foregoing, CAPTRUST may disclose nonpublic information (i) to the extent such disclosure is required by court order or by a valid order of a governmental body governmental or quasi-governmental agency (such as FINRA) (ii) prior or after the time of disclosure such information becomes part of the public knowledge or literature, not as a result of any inaction or action of CAPTRUST, (iii) reasonably necessary for CAPTRUST to enforce its legal rights in any dispute with that Client; or (iv) is approved by Client, in writing, for release. CAPTRUST does not disclose nonpublic personal information about its Clients to any party except as permitted by law.

**Sources of Personal Information:** We collect Personal Information about you from meetings with you and on applications or other forms you have submitted to CAPTRUST, as well as information about your investments or transactions with us or others (such as third party service providers or fund companies) from other sources.

**How CAPTRUST Protects the Confidentiality of Clients' Nonpublic Personal Information:**

CAPTRUST does not sell or trade Clients' information with nonaffiliated companies. When information is provided to third party service providers, safeguards are in place to assure that information is used only for the purpose it is provided. CAPTRUST maintains its records on secured computers. Prospective employees are screened for criminal convictions. Once hired, employees are made aware of CAPTRUST's Privacy Policy and of the confidential nature of the information they handle. Employees are limited to accessing only that customer information that is necessary to perform their job functions.

**To Whom This Policy Applies:** This Notice applies to all our Clients who enter into an Advisory Services Agreement with us. Our Former Clients: Even if you are no longer a client, our Privacy Policy will continue to apply to you.

**Access to and Correction of Information:** Upon the written request of Clients, we will make available for their review any file we may maintain for their Personal Information; provided, however, that any Information collected in connection with, or in anticipation of, any claim or legal proceeding will not be made available. If Clients notify us that any Information is incorrect, we will review it. If we agree, we will correct our records. If we do not agree, Clients may submit a short statement of dispute, which we will include in any future disclosure of the disputed Information.

**Further Information:** We reserve the right to change this Privacy Policy at any time. The examples contained within this Privacy Policy are illustrations and are not intended to be exclusive. This Policy attempts to comply with federal and state regulations regarding privacy. Clients may have additional rights under other foreign or domestic laws that may apply to them.

**"Opt Out" Provision:** Since CAPTRUST does not sell or share any Personal Information, an "opt out" provision would not be applicable to this Privacy Policy. Clients may call (800)216-0645 to request further information regarding this policy.

## Business Continuity Disclosure/Summary

CapFinancial Partners, LLC, doing business as CAPTRUST Financial Advisors, ("CAPTRUST") is a federally registered investment adviser with an affiliated broker/dealer, CapFinancial Securities, LLC (CFS) that utilizes the clearing and custodial services of Pershing, LLC ("Pershing"). For many CAPTRUST Advisory Clients, Pershing provides custody, back-office and trade support, for CAPTRUST (through CFS), so for most CAPTRUST wealth advisory clients, account(s) and assets are maintained and custodied by Pershing; however, some CAPTRUST Advisory Clients, have elected to have their accounts and assets are maintained and custodied at Fidelity Institutional Brokerage Services or Charles Schwab & Co., Inc.

CAPTRUST summarizes the manner in which CAPTRUST's Business Continuity Plan ("BCP") addresses the possibility of significant business disruptions ("SBD"). Accordingly, CAPTRUST furnishes this document to clients in order to provide information about our efforts to minimize the impact of an emergency, business disruption or disaster on the business of CAPTRUST.

In general, industry regulations require firms to create and maintain a business continuity plan reasonably designed to meet its obligations to its clients or other counter-parties. In accordance with these requirements, CAPTRUST has designed a business continuity plan to address possible scenarios in efforts to minimize any service impact to our clients. In keeping with the regulatory requirements, the business continuity plan for CAPTRUST is designed to address key areas of concern - including but not limited to the following:

- Data back-up and recovery;
- Mission critical systems;
- Financial and operational assessments;
- Alternate means of communication between CAPTRUST and its clients;
- Alternate means of communication between CAPTRUST and its employees;
- Alternate physical locations of employees;
- Critical business constituent, bank and counter-party impact;
- Regulatory reporting;
- Communications with regulators; and
- How CAPTRUST will ensure that customers have access to their funds and securities in the event CAPTRUST determines it is unable to continue its business.

Since events creating business disruptions may vary in nature and scope, CAPTRUST has anticipated scenarios in which the following are affected:

- A primary CAPTRUST building at its headquarter location
- A CAPTRUST branch location
- A city wide area
- A regional area

Regardless of the scope of potential disruption, CAPTRUST intends to continue to provide service to its clients. In the event of a significant business disruption, where the primary building or business district is located, we will move our staff from affected offices to the closest of our unaffected offices. The firm has several other locations from which to conduct business. Therefore, should the primary building or business district be affected by a disruption, the other locations can be used to help restore operations.

In the unlikely event of a citywide or regional disruption, several of CAPTRUST's other locations ("established recovery sites") are in other cities relatively close in proximity. The first established recovery site is approximately 170 miles from its headquarters (in Charlotte NC) and the other is approximately 400 miles (Atlanta GA). Either alternate location can be used to restore time sensitive functions as soon as key employees are relocated to the facility. In the event that any such disruption occurs, we have developed alternative service arrangements, systems, locations and contingency plans to ensure that any service is quickly restored.

CAPTRUST has identified several computer applications with Mission Critical or High criticality ratings and has documented this within the business continuity plan. Some Mission Critical systems such as computer applications are proprietary to services providers such as Pershing (providing clearing and custodial services to CAPTRUST Wealth Clients). Pershing regularly performs disaster recovery testing and reports results to CAPTRUST. Pershing provides an annual BCP disclosure to CAPTRUST clients. Clients may reach Pershing directly at (201)413-3635 for recorded instructions during a significant business disruption.

For those CAPTRUST Clients who are utilizing Fidelity as custodian:

Although CAPTRUST recognizes Fidelity as a Critical Business Constituent, Fidelity's proprietary web-based platform permits access to your account remotely regardless of a business local, city-wide or regional disruption. For a summary of Fidelity's Business Continuity Plan, please call CAPTRUST at (800) 216-0645 or you may reach Fidelity directly at 800-343-3548. Client may access their accounts by logging into [www.fidelity.com](http://www.fidelity.com).

For Clients who are utilizing Charles Schwab as custodian:

Although CAPTRUST recognizes Schwab as a Critical Business Constituent, Schwab's proprietary web-based platform permits access to your account remotely regardless of a business local, city-wide or regional disruption. For a summary of Schwab's Business Continuity Plan, please call CAPTRUST at (800) 216-0645 or you may reach Schwab Institutional Investments directly at: 800.289.5114. Clients may access their accounts by logging into [www.schwab.com](http://www.schwab.com).

At a minimum, the CAPTRUST business continuity plan is reviewed, updated and tested on an annual basis. Additionally, our primary internal and external application providers periodically conduct testing of their own back-up capabilities to ensure that, in the event of an emergency or significant business disruption, they will be able to provide us with the critical information and applications we need to continue or promptly resume our business. When testing our plan, we review the recovery time and resumption time period for all mission critical systems. Making sure that any type of disruption does not unduly impact our clients is extremely important to us, and our business continuity plan is designed to allow us to continue to provide the quality service you have come to expect from CAPTRUST. In the event of an internal or external SBD, if telephone service is available, our registered persons will take customer orders or instructions (919) 870-6822 (local) or (800) 216-0645 (toll-free) and contact our clearing firm on their behalf, and if our Web access is available, our firm will post on our Web site ([www.captrustadvisors.com](http://www.captrustadvisors.com)) that customers may access their funds and securities by contacting Pershing, Fidelity or Schwab directly.

## Item 1 – Cover Page ADV Part 2B

### CAPTRUST Investment Committee

Rev. date: June 1, 2015

This brochure supplement provides information about members of CAPTRUST Financial Advisor's Consulting Research Group who are also members of CAPTRUST's Investment Committee. Specifically, the persons who determine the investment advice for client accounts are summarized in this supplement to the CAPTRUST Financial Advisors ("CAPTRUST") Disclosure Brochure. You should have received a copy of that brochure. Please contact the Compliance Department at (919) 870-6822 if you did not receive the CAPTRUST Disclosure Brochure or if you have any questions about the contents of this supplement. Additional information about CAPTRUST is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Eric J. Freedman  
Chief Investment Officer  
Head of Consulting Research Group

## Item 2 - Educational Background and Business Experience

Born: 1975

### Educational Background

Eric graduated magna cum laude with a Bachelor of Arts degree in Economics from Colgate University. He received a MBA in Finance and Management from the Wharton School of the University of Pennsylvania.

### Business Experience

Dates		Firm				Position
06/2006	Present	CAPFINANCIAL PARTNERS LLC	RALEIGH	NC	USA	Chief Investment Officer
02/2005	06/2006	FRANKLIN STREET SECURITIES	CHAPEL HILL	NC	USA	Senior Portfolio Manager
07/1999	02/2005	GOLDMAN, SACHS & CO.	BOSTON	MA	USA	Vice President, Intl Equities

Mark Paccione, CFA  
Director, Investment Research

Born: 1975

### Educational Background

Mark earned his BA in Mathematical Economics from Wake Forest University.

### Business Experience

Dates		Firm				Position
10/2005	Present	CAPFINANCIAL PARTNERS, LLC	RALEIGH	NC		Director, Investment Research
03/2004	09/2005	MORGAN STANLEY & CO. INCORPORATED	SAN FRANCISCO	CA		Sales Assistant
10/2002	10/2003	ELECTRONIC TRADING GROUP	SAN RANCISCO	CA		Equity Trader



## David Hood

Director, Investment Research

Born: 1978

### Educational Background

David is a graduate of University of North Carolina at Chapel Hill with a BA in Political Science and a BA in Journalism and Mass Communication. David earned his MBA from Wake Forest University in finance.

### Business Experience

Dates		Firm	Position		
09/2009	Present	CapFinancial Partners, LLC (CAPTRUST Financial Advisors)	RALEIGH	NC	Senior Manager, Investment Research
08/2007	08/2009	Wake Forest University	Winston-Salem	NC	Graduate Student
06/2004	07/2007	Electric Supply Co of NC	Durham	NC	Associate
8/2002	6/2004	King & Spalding LLC	Washington	DC	Legal Assistant, Antitrust & Litigation

## Hunter Brackett

Senior Manager, Investment Research

Born: 1974

### Educational Background

Hunter is a graduate of Washington and Lee University with a Bachelor of Arts in Economics. Hunter earned his MBA from UNC Kenan-Flagler Business School, with a concentration in Investment Management.

### Business Experience

Dates		Firm	Position		
06/2012	Present	CapFinancial Partners, LLC (CAPTRUST Financial Advisors)	RALEIGH	NC	Senior Manager, Investment Research

11/2011	05/2012	Sabbatical	Chapel Hill	NC	
03/2008	10/2011	NCM Capital Mgt	Durham	NC	Sector Leader Research Analysis
03/2004	02/2008	Lehman Brothers	NY	NY	Equity Research Associate

## Matt Ogden

Manager, Investment Research

Born: 1984

### Educational Background

Matt earned a bachelor of arts degree in mathematical economics from Colgate University

### Business Experience

Dates	Firm		Position		
04/2010	Present	CAPTRUST Financial Advisors	Raleigh	NC	Manager, Investment Research
06/2006	12/2009	Rocaton Investment Advisors	Norwalk	CT	Analyst

## Item 3 - Disciplinary Information

The members of the Consulting Research Group summarized here are Investment Advisor Representatives of CAPTRUST. Investment Advisory Representatives are required to disclose all material facts regarding any legal and disciplinary events that would be material to your evaluation of the representative. None of these CAPTRUST Investment Advisory Representatives (Eric Freedman, Mark Paccione, David Hood, Hunter Brackett and Matt Ogden) have any information applicable to this Item.

## Item 4 - Other Business Activities

Investment Advisory Representatives are also Registered Representatives of CFS, CAPTRUST's affiliated broker-dealer and member of FINRA. However, Investment Advisory Representatives in the Consulting Research Group are salaried employees whose compensation is not determined by assets under management or commissions (transaction based fees) or product revenue.

In this way, CAPTRUST eliminates the conflict of interest so they have no financial incentive to recommend securities and other investments that may result in commissions, brokerage fees, 12b-1 fees or other payments.

## Item 5 - Additional Compensation

The members of the Consulting Research Group do not receive compensation for advisory services other than fees paid by the Client.

## Item 6 - Supervision

The advisory activity of the Consulting Research Group is supervised by Denise Buchanan, Chief Compliance Officer. Ms. Buchanan can be reached at (919) 870-6822.

The CAPTRUST Financial Advisor (FA) responsible for performing periodic reviews and consulting with Clients is in a relationship management role. The members of the Consulting Research Group who are on the Investment Committee are responsible for ongoing reviews of markets, sectors and individual investments. This continuous and regular investment supervision is conducted under the Chief Investment Officer, Eric Freedman's direction. Reporting directly to Eric Freedman is Mark Paccione, Director, who develops, manages & recommends investment solutions for our Wealth Clients. David Hood reports directly to Eric Freedman and manages investment research efforts as they relate to CAPTRUST's ongoing Investment Manager due diligence. Hunter Brackett reports directly to David Hood and focuses on equity manager due diligence. Matt Ogden, Manager, Investment Research reports directly to David Hood and focuses on fixed income investment manager research.