

**AMC Advisor Managed Programs**  
**AMC Allocation Plus (Non-Discretionary)**  
**AMC Advise (Discretionary)**  
**Asset Management Consulting<sup>SM</sup>**

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SEC File Number 801-107729

September 30, 2017

This brochure provides information about the qualifications and business practices of SunTrust Advisory Services, Inc.. If client has any questions about the contents of this brochure, please contact SunTrust Advisory Services, Inc. at (404) 827-6461. The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission or any state securities authority.

Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about SunTrust Advisory 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 SunTrust Advisory Services, Inc. ("STAS") AMC Advisor Managed Program Firm Brochure was July 1, 2017.

### **Material Changes:**

On December 31, 2016 SunTrust Investment Services, Inc. (STIS), an affiliate of STAS, assigned substantially all of its existing investment advisory contracts to STAS. On September 14, 2017, the U.S. Securities and Exchange Commission, (SEC) issued an administrative order against STIS instituting administrative and cease-and-desist proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(k) of the Investment Advisers Act (IAA), making findings, and imposing remedial sanctions and a cease-and-desist order (the "OIP"). According to the SEC, STIS did not adequately inform its advisory clients of the conflicts of interest presented by its representatives' share class selections and the receipt by STIS and its representatives of 12b-1 fees over the period 2011 to 2015. The SEC found that during this period, STIS and its representatives received \$1,148,071.77 in avoidable 12b-1 fees paid by the funds in which the advisory clients were invested. Without admitting or denying the SEC's findings, STIS consented to the entry of the OIP that censured STIS and found that STIS willfully violated and agreed to cease and desist from committing or causing any future violations of Sections 206(2), 206(4), and 207 of the IAA and Rule 206(4)-7 promulgated thereunder. The OIP imposed a civil monetary penalty of \$1,148,071.77 upon STIS and required STIS to refund to current and former clients fees of \$1,148,071.77 together with interest of \$150,238.74.

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## Advisory Business

SunTrust Advisory Services, Inc. ("STAS") is a separate, wholly owned, non-bank indirect affiliate of SunTrust Banks Inc. STAS, through its corporate predecessor, SunTrust Advisory Services LLC, became an investment adviser under the Investment Advisers Act of 1940, as amended in April, 2016. Prior to January, 2017, investment advisory services were also provided by SunTrust Investment Services, Inc. ("STIS"), a dual broker-dealer and investment adviser and another wholly owned indirect non-bank affiliate of SunTrust Banks, Inc. On December 31, 2016 STIS transferred all of investment advisory account relationships and related business activities to STAS. On January 27, 2017 STIS withdrew its investment advisor registration effective December 31, 2016.

Investment in any of the AMC programs covered by this brochure requires that Client separately maintain or open an underlying SunTrust Investment Services, Inc., an affiliated broker-dealer and insurance agency, Brokerage Account ("Account") which is governed by a STIS Brokerage Account Customer Agreement ("Brokerage Agreement"). 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 ("NFS"), which also provides custody and execution services for client accounts. The requirement to open a brokerage account with an affiliated broker is made by STAS for purposes of efficiently administering its Programs and therefore is a benefit to STAS which creates a conflict of interest. See **CONFLICTS OF INTEREST –Use of Affiliated Broker Dealer Section below.**

Clients have the option to purchase investment products that we recommend through other broker-dealers or agents that are not affiliated with STIS.

STAS has contracted with Envestnet Asset Management, Inc. a SEC registered investment adviser ("Envestnet" or "Platform Manager") for administrative services related to the AMC programs including access to their platform system that creates proposals based on STAS' models and those of other investment managers pursuant to agreements, ongoing monitoring of account positions to investments selected, submission of trade details to NFS and performance reporting.

Client risk tolerance and investment objectives of a client's underlying STIS brokerage account may not specifically match the investment advisory account risk profile of the managed program account within the Envestnet system which governs how account risk is captured and monitored. In the case of any discrepancy in risk ratings, each client account shall be managed in accordance with the risk rating applicable to the investment advisory relationship and not in accordance with any risk rating applicable to a pre-existing brokerage relationship.

### Client Service Structure

STAS generally provides investment managed and investment advisory services usually through Private Financial Advisors (PFAs) utilizing one of the following business channels:

Self-Directed Brokerage Accounts – Client Investible Assets Below \$50,000;

Client Advisory Center ("CAC")

Brokerage and Investment Advisory Accounts -- Client Investible Assets between \$50,000 and \$100,000; and

Full Service Brokerage and Investment Advisory – Client Investible Assets Above \$100,000.

## **Client Advisory Center**

STAS has established a centralized Client Advisory Center (“CAC”). The CAC consists of approximately 40 Advisors (CAC PFAs) who assist clients in meeting their financial needs with financial planning and access to the firm’s AMC Fund Select Tactical Focus Program, , where appropriate, the Program is more fully described in the firm’s STAS and Third Party Managed Programs Firm Wrap Brochure

CAC PFAs work as a team and the primary brochure supplement is for the group. Clients who wish to receive a copy of a specific CAC PFA’s brochure supplement may contact the CAC at (844) 206-8900 and receive this information free of charge.

This firm brochure covers the STAS AMC Advisor Managed Programs which consist of AMC Allocation Plus and AMC Advise (each a “Program”). In the case of the AMC Allocation Plus Program, the client’s STAS Advisor (“Advisor”) does not have discretionary trading authority with respect to an AMC Allocation Plus Program account’s assets. In the case of the AMC Advise Program accounts, however, approved STAS Advisors are granted discretionary trading authority with respect to the AMC Advise Program account’s assets.

Information specific to the AMC Allocation Plus Program accounts are identified by an “AL” at the beginning of the paragraph whereas those items specific to the AMC Advise Program accounts are identified by an “AV” at the beginning. Paragraphs without an AL or AV are specific to both Programs.

### **(AL) AMC Allocation Plus**

AMC Allocation Plus is a non-discretionary advisory program account. Client understands that investment decisions are those of the client and not their STAS Advisor or STAS. The Advisor will be primarily responsible for making investment management recommendations for the AMC Allocation Plus account. The Advisor also provides ongoing advisory services to the client, including client review meetings. If for any reason, and in the sole discretion of STAS, the Advisor is unable to render such investment services to the account, temporarily or permanently, or terminates his or her employment with STAS, STAS will continue to render such services and will assign a new Advisor to the account. Clients retain ownership of all cash, securities, and other instruments in their accounts.

(AL) In offering the AMC Allocation Plus Program, STAS Advisors work with individual clients to develop a personal client investment policy statement and proposal that identifies the client's goals, risk tolerance, time horizon, financial situation and other factors that influence investment approach. Based on that information, the STAS Advisor assists clients in establishing appropriate goals and objectives and an investment strategy for their account. The investment policy statement and proposal proposes an asset allocation strategy based on the client's answers to the questions posed by his or her Advisor. The client then selects the appropriate strategy based on this recommendation.

(AL) In accordance with client’s investment objectives as stated in the profile, STAS may recommend that client invest and reinvest the assets in securities on the firm’s IAG Researched to Purchase List which includes various types of investment vehicles, including, but not limited to, common and preferred stocks, shares of mutual funds, closed-end funds, and exchange-traded funds, options, alternative investments, including hedge funds and fund of funds and corporate, municipal or governmental bonds, notes, or bills. Limited types of options transactions may be conducted for an AMC Allocation Plus account. Margin may be used in an effort to enhance performance (with the resulting increased risk of loss), as determined by on-going consultations with clients. Clients should read the margin disclosure in the Fees and Compensation section below before electing margin capabilities.

### **(AV) AMC Advise**

AMC Advise Program accounts offer clients discretionary, individualized investment management by select STAS Advisors for an asset-based fee. Clients generally do not direct transactions for their accounts. Instead, the client will authorize an Advisor to manage the client's designated assets on a discretionary basis by purchasing and/or selling individual stocks, bonds, mutual funds, closed-end funds, exchange-traded funds, certificates of deposit, money market instruments, depository receipts or other similar instruments relating to any of these securities within guidelines set by the STAS Policy Committee for portfolio construction and limitation of risk. Limited types of options transactions may be conducted for the account. Investment strategies utilizing margin or short selling are prohibited. Clients retain ownership of all cash, securities, and other instruments in their accounts.

(AV) The Advisor also provides ongoing advisory services to the client, including client review meetings. If an Advisor is unable to manage client accounts or leaves the firm, STAS will continue to render such services and will assign a new Advisor to the account.

(AV) In offering the AMC Advise Program, STAS Advisors work with individual clients to develop a personal client investment policy statement and proposal that identifies the client's goals, risk tolerance, time horizon, financial situation and other factors that influence investment approach. Based on that information, the STAS Advisor assists clients in establishing appropriate goals and objectives and an investment strategy for their account. The investment policy statement and proposal proposes an asset allocation strategy based on the client's answers to the questions posed by his or her Advisor.

In addition, a client may place reasonable restrictions on the management of the account by designating specific securities or categories of securities that will not be purchased for the account. If a client restricts a general category of securities but does not prohibit the purchase of specific securities, STAS will determine what specific securities fall within that category based on our determination of the primary business of the issuer.

It is the clients' responsibility to inform STAS of any changes in their financial circumstances or if they wish to change, or impose new, instructions for the management of their accounts. STAS will cause STIS to notify each client in writing quarterly, requesting the client to contact his or her Advisor regarding any such changes. Each Advisor will consult with clients at least annually to determine if there have been any changes in the clients' financial situation or investment objectives, and whether clients wish to change, or impose any new, instructions for the management of their accounts.

Unlike the AMC Allocation Plus and AMC Advise Programs, STAS provides portfolio management for AMC Fund Select Tactical, AMC Fund Select Tactical Focus, AMC Fund Select Advisor, AMC Pinnacle, and the AMC Premier Multi-Strategy accounts and certain model accounts in AMC Premier at the firm level and receives a portion of the management fee for that service. The firm does not manage any other client accounts; its Advisors however, do manage client accounts either on a discretionary or non-discretionary basis.

### **Total STAS AMC Program Assets Under Management as of June 30, 2017**

Discretionary	\$ 11,845,646,174
Non-Discretionary	\$ 5,880,780,526

### **Fees and Compensation**

AMC Advisor Managed Program 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 Advisor Managed Program account or client may agree to have the Program Fee deducted from another

account owned by the same client. If STAS is be unable to collect the Program Fee from any such separate account for any reason STAS shall be entitled to deduct the Program Fee from the original account without obtaining additional authorization from the client. 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 STAS, the client in terms of assets under management or supervision and the date it was established.

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

#### Fee Schedule

<b>Assets Under Management</b>	<b>Equity</b>	<b>Fixed Income</b>
\$0 - \$250,000	1.35%	0.65%
\$250,001 - \$500,000	1.35%	0.65%
\$500,001 - \$1,000,000	1.15%	0.65%
\$1,000,001 - \$2,000,000	0.95%	0.55%
\$2,000,001 - \$5,000,000	0.85%	0.50%
\$5,000,001 - \$10,000,000	0.60%	0.40%
\$10,000,001 - \$20,000,000	0.50%	0.30%
\$20,000,001 - \$30,000,000	0.45%	0.30%
\$30,000,001 and Over	0.40%	0.30%

#### Example of Overall Tiered Fee Calculation

An AMC Advise equity portfolio of \$1,000,000 would have an effective overall fee of 1.25%:

First \$500,000 at 1.35% would be an annual fee of \$6,750 and the next \$500,000 at 1.15% would be an annual fee of \$5,750. The total fee of \$12,500 (\$6,750 plus \$5,750) equates to 1.25% of the total portfolio value of \$1,000,000.

Client shall pay STAS on a quarterly basis in advance as specified in the client investment management agreement. The exact Program Fee a client pays is specified in his or her client Agreement.

The initial Program Fee is billed from the date the account is opened on Envestnet's systems, through the end of that calendar quarter in advance and is based on the initial value of the assets placed in the account as of the close of business on the day the account is opened and funded. Thereafter, Program Fees are billed quarterly in advance, based on the value of the account assets at the close of the last business day of the previous calendar quarter. If Client invests or withdraws \$10,000 or more in any Account after the inception of a calendar quarter, the Program Fee for that quarter will be recalculated and pro-rated as of the day of the additional investment or withdrawal.

Excluded assets are not included in the Program Fee calculation but are in performance report calculations.

Additionally, accrued interest on fixed income securities will be included in the Program Fee calculation.

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

Clients will not be charged a separate commission or other transaction charge for trades executed through STIS via NFS; those charges are included in the Advisory Fee, and STAS will pay STIS NFS' commissions and other transaction charges (as negotiated between STAS and STIS) for transactions for AMC Programs described in this brochure. STAS or one or more of their affiliates incurs additional expenses as the amount of trading in an AMC Programs described in this brochure increases. As a result, STAS has a financial interest in the number of trades recommended and has an incentive to seek to limit the extent of trading activity of the AMC Programs described in this brochure. Client may be charged other fees associated with their account, see Other Fees and Charges section below. Also see CONFLICTS OF INTEREST – Active Trading Section below.

For the duration of the underlying investment management agreement, STAS shares these Advisory Fees with client's Advisor and other employees of STAS and its affiliates. Because of this, Advisors have a financial incentive to recommend a Program which pays higher compensation to STAS and its affiliates over another Program. See CONFLICTS OF INTEREST – Program Selection Section below.

STAS and your Advisor may earn greater compensation if you invest in a Program described in this Brochure than if you open a brokerage account to buy individual securities. Therefore, if greater compensation is expected to be received from an investment management Program account than from a brokerage relationship, Advisors and STAS have a financial incentive to recommend one of the Programs described in this Brochure rather than an individual brokerage account relationship. See CONFLICTS OF INTEREST – Advisory vs Brokerage Account Section below.

STAS and your Advisor may earn greater compensation if you invest in a Program described in this Brochure than if you open a SunTrust Bank trust account to manage your assets. Therefore, if greater compensation is expected to be received from an investment management Program account than from a STB trust or investment management relationship, Advisors and STAS have a financial incentive to recommend one of the Programs described in this Brochure rather than a STB trust or investment management relationship. See CONFLICTS OF INTEREST – Advisory vs SunTrust Bank Trust and Investment Management Accounts Section below.

In addition, SunTrust Bank employees may refer qualified bank clients to STAS Advisors for a one-time nominal fee of a fixed dollar amount that is not contingent on whether the qualified Client referral results in any advisory activity or the establishment of an investment advisory relationship. See CONFLICTS OF INTEREST – Non-Deposit Retail Sales (Networking) Agreement Section below.

#### Unsupervised Assets

Assets in Client accounts may be classified as "Unsupervised" for a variety of reasons. Unsupervised assets, although held in the same underlying brokerage account are not part of the managed assets and therefore, no advice is given related to these assets, the assets are not subject to the management fee and Unsupervised assets are not included in the performance reports.

#### Excluded Assets

Assets in Client accounts may be classified as Excluded for a variety of reasons. Excluded assets can be included in a model and will be included in performance reports but will not be included in the calculation of the Program Fee.

#### 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 Fee.

In addition to the Program Fees for the Service, clients are subject to certain charges in connection with investments made through the Program, including mutual fund/Exchange Traded Fund ("ETF") advisory, distribution, early redemption or other fees.

Money market funds and other mutual funds in which clients may invest, or the advisers or principal underwriters of the funds, may make payments to STIS, 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. STIS automatically credits client accounts with any 12b-1 fees received during the period an account is managed under an STAS investment management agreement. 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.

STAS uses its best efforts to purchase lower cost mutual fund shares but in certain instances cannot because the mutual fund company does not offer institutional class non-12b1 fee paying mutual funds or does not contractually offer them.

Advisors are prohibited from recommending purchases of shares of mutual funds or other pooled investment vehicles such as ETFs with an upfront fee.

Clients have the option to purchase investment products that we recommend through other broker-dealers or agents that are not affiliated with STAS.

Asset Valuation For purposes of the computation of the value of any securities or other investments in an AMC Advisor Managed Program account, securities listed on a national securities exchange will be valued, as of the valuation date, at the closing price on the principal exchange on which they are traded. Shares of mutual funds will be valued at 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 pricing sources believed by STAS to be reliable. Any other securities or investments in an account will be valued by NFS in a manner determined in good faith to reflect fair market value. Any such valuation should not be considered a guarantee of any kind whatsoever with respect to the value of the assets in an account. NFS 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 STAS will not verify the accuracy of the information.

(AL) Margin The Program Fee is based on the total amount of assets in the client's account, including assets purchased using margin. If STAS uses margin in a client's account, we and the client's Advisor each will receive additional compensation based on the increase in the assets being managed. Although the Program Fee, as a percentage of assets under management, will not change, the total assets on which this percentage is based will increase through the use of borrowed funds, and, accordingly, the compensation paid to STAS and the client's Advisor will increase. In addition, clients who borrow funds will pay interest on the outstanding loan balance. STIS, the broker-dealer and affiliate of STAS, may receive a portion of these fees and interest. There are risks associated with the use of borrowed funds for investment purposes. The decision to use leverage from borrowed funds in a client account rests with the client and should be made only if the client understands the risks of margin borrowing, the impact of the use of borrowed funds on an account, and how the use of margin may affect the client's ability to achieve investment objectives. Specifically, positive or negative performance of a margined account, net of interest charges and other account fees, will be enhanced by virtue of using borrowed money. Thus, gains or losses in a leveraged account will be greater than would be the case with an un-leveraged account. In addition, clients with margin accounts may need to deposit additional cash or

collateral if the value of the portfolio declines below the required loan-to-value ratio. If the client cannot provide the additional collateral, NFS, in their sole discretion, may sell securities in the collateral account or accounts to meet the margin requirement. In these circumstances, the securities often may be sold into a market that is declining, so the prices obtained for the securities may be less than favorable. STAS and/or the Advisor will not act as investment adviser to the client with respect to the liquidation of securities held in an account to meet a margin call and, as creditors, STAS and our affiliates may have interests that are adverse to the client. Clients electing to engage in margin borrowing will receive a separate margin disclosure document from STIS.

For purposes of determining the Program Fee charged to an account, the value of all accounts held by members of the same household may be aggregated. Accounts will be treated as part of the same household on a case-by-case basis as determined by STAS. It is the client's responsibility to request that accounts be treated as part of the same household. Individual retirement accounts and other personal retirement accounts may be aggregated for this purpose, but retirement plan accounts subject to the Employee Retirement Income Security Act of 1974 ("ERISA") may not be aggregated. The aggregation of accounts for this purpose is described in the client investment management agreement.

For the duration of the client investment advisory agreement, a portion of the Program Fee in connection with the Account may be paid to your Advisor and other employees of STAS and its affiliates. Because of this, Advisors may have a financial incentive to recommend one Program over another Program.

AMC Advisor Managed Programs may cost clients more or less than purchasing such services separately. Factors that may bear upon the cost of AMC Advisor Managed Program in relation to the cost of the same services purchased separately may include, among other things, the size and type of the account, the historical and expected size or number of trades for the account, and the number and range of supplemental services provided to the account.

SunTrust Bank Signature Advantage Service Clients who sign up for the SunTrust Bank Signature Advantage Service will link their STAS AMC Allocation Plus or STAS AMC Advise account with their SunTrust Bank checking account. These accounts are also eligible for the Cash Sweep Program, a service that automatically transfers available cash balances in your account into one of a select group of money market mutual funds or an FDIC insured interest bearing option through SunTrust Bank. To avoid paying the AMC Allocation Plus or AMC Advise Program Fee on cash balances in your Signature Advantage cash sweep account, clients must select the FDIC insured interest bearing cash sweep option through SunTrust Bank. Any cash held in a money market mutual fund will be considered to be part of the AMC Allocation Plus or AMC Advise advisory program and will be subject to the Program Fee assessed pursuant to the respective Program.

## Types of Clients

STAS offers advisory services to individuals, corporations and other business entities, charitable organizations and not-for-profit organizations. STAS reserves the right to accept, reject or renew any client for an AMC Advisor Managed Program account. Our products and services are not guaranteed by SunTrust Bank, any other bank, or any subsidiary of SunTrust Banks, Inc. Products recommended by STAS are not insured by the Federal Deposit Insurance Corporation with the exception of investments of up to \$250,000 in certain Brokered CDs, SunTrust Index-linked CDs and FDIC cash sweep options more fully described in **Methods of Analysis, Investment Strategies and Risk of Loss** section below.

In general, the minimum account size is \$100,000, but STAS may waive the minimum account size under certain circumstances.

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

In providing recommendations, the Advisor implements specific security selections, subject to guidelines established by STAS Policy Committee, based on research obtained by us from other sources.

(AV) In managing accounts, the Advisor will follow general portfolio construction guidelines established by STAS Policy Committee concerning asset allocation, economic sectors and position diversification, and fixed income components. The Advisor implements specific security selections based on research obtained by STAS from other sources.

STAS and its Advisors managing client portfolios may utilize research reports and/or models created by STAS' Investment Advisory Group. A conflict exists when STAS Advisors use the same models that STAS IAG use for managing the STAS AMC program portfolios. See **Conflict of Interest – Models Created by IAG for Management of AMC Program Portfolios and STAS Advisor Usage of the Models for Client Portfolio Management Section** and **Conflicts of Interest – Research Reports Created by IAG and Used by STAS Advisors and Affiliated Firms Sections** below for details.

STAS also uses research provided by Credit Suisse First Boston ("CSFB"), Morningstar, NFS and a variety of other research providers. Some research provided by CSFB or NFS may not be fully disinterested to the extent that it concerns companies with which CSFB or NFS has, or hopes to have, an investment banking or other business relationship and thus has a conflict of interest in evaluating the companies' securities. Such research may also concern securities for which CSFB or NFS is a market maker and thus has a conflict of interest. The exact composition and asset allocation of each client portfolio may differ depending on a variety of factors, including the client's specific investment goals, the client's risk tolerance, and overall economic and market conditions.

(AL) In managing accounts, the Advisor utilizes the firm's IAG Researched to Purchase, Researched to Retain and Researched to Sell Lists:

### Researched to Purchase

Advisors may recommend securities on the IAG Researched to Purchase List to their clients.

### Researched to Retain

Advisors are prohibited from recommending purchases of securities on the list; however, clients may direct their Advisor to purchase an asset on the list.

### Researched to Sell

Advisors are prohibited from recommending purchases of securities on the list and are responsible for contacting clients with positions to advise of the sell recommendation, determining what the best interest of the client is related to the position and documenting the client's wish to retain the security should the client wish to hold the position.

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

Bonds: Investments in bonds are subject to risks. The most significant risk is interest rate risk. Generally, when interest rates rise, bond values fall, values rise when interest rates decline. Other risks include default risk, or the possibility the issuer will default on the payment of interest and/or principal; call risk, or the possibility the issuer will redeem the bond before maturity; and inflation risk, or the possibility that inflation will outpace the bond's return.

Brokered Certificates of Deposit ("CDs"): All brokered CDs will fluctuate in value between purchase date and maturity date. CDs may be sold on the secondary market prior to maturity subject to market conditions, which may be limited. Any CD sold prior to maturity may be subject to a substantial gain or loss. The original face amount of the purchase is

not guaranteed if the position is sold prior to maturity. If a CD has a call provision, the issuer has sole discretion whether to call the CD. If an issuer calls a CD, there is a risk to the investor that the investor will be forced to reinvest at a less favorable interest rate.

Closed-end Funds: The value of any closed-end fund will fluctuate with the value of the underlying securities.

Exchange-Traded-Funds: Exchange-Traded-Fund ("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.

Floating Rate Funds: Securities with floating interest rates generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as prevailing interest rates. Unlike fixed-rate securities, floating rate securities generally will not increase in value if interest rates decline. Changes in interest rates also will affect the amount of interest income the Fund earns on its floating rate investments. Floating rate securities involve liquidity risk, which may affect the ability of investors to buy and sell them at the desired time or price.

Dollar Cost Averaging: Regular investing does not assure a profit or protect against a loss in declining markets. Dollar Cost Averaging involves continuous investments in securities regardless of fluctuating price levels. Clients should consider their financial ability to continue purchases through periods of low price levels.

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

Options: Option trading entails significant risk and is not suitable for all investors. For a current options disclosure document, please call the Centralized Supervision Group, 804.594.1167. Clients should consult with their tax advisor in order to determine tax implications of options transactions. Supporting documentation for any claims, if applicable, will be furnished upon request.

Unit Investment Trust: The value of any UIT will fluctuate with the value of the underlying securities and market conditions.

(AL) Margin: Margin trading is not appropriate for all clients and involves material risk. You can lose more funds than you have deposited in the margin account; the firm can force the sale of securities or other assets in your account(s); the firm can sell your securities or other assets without contacting you; you are not entitled to choose which securities or other assets in your account are liquidated or sold to meet a margin call; the firm can increase in-house maintenance requirements at any time; and you are not entitled to an extension of time on margin call. Market conditions can magnify any potential for loss. If the market turns against the investor, he or she will be required to deposit additional securities and/or cash in the account. The interest rates charged are determined by the value of the cash and securities prior to initiating the loan.

Cash Balances: Client accounts are set up with either a money market or FDIC deposit sweep option for investment of cash. Account assets invested in money market funds are generally included in the Program Fee calculation and charged the Program Fee. See the **Brokerage Practices** section below: Core Account.

Assets held in the SunTrust Bank Signature Advantage accounts FDIC insured interest bearing option are not included in the Program Fee calculation and are not charged the Program Fee. See the **Fees and Compensation** section above: **SunTrust Bank Signature Advantage Service**.

Annuities: The firm prohibits annuities being linked to managed accounts.

## Disciplinary Information

On December 31, 2016 SunTrust Investment Services, Inc. (STIS), an affiliate of STAS, assigned substantially all of its existing investment advisory contracts to STAS. On September 14, 2017, the U.S. Securities and Exchange Commission, (SEC) issued an administrative order against STIS instituting administrative and cease-and-desist proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(k) of the Investment Advisers Act (IAA), making findings, and imposing remedial sanctions and a cease-and-desist order (the "OIP"). According to the SEC, STIS did not adequately inform its advisory clients of the conflicts of interest presented by its representatives' share class selections and the receipt by STIS and its representatives of 12b-1 fees over the period 2011 to 2015. The SEC found that during this period, STIS and its representatives received \$1,148,071.77 in avoidable 12b-1 fees paid by the funds in which the advisory clients were invested. Without admitting or denying the SEC's findings, STIS consented to the entry of the OIP that censured STIS and found that STIS willfully violated and agreed to cease and desist from committing or causing any future violations of Sections 206(2), 206(4), and 207 of the IAA and Rule 206(4)-7 promulgated thereunder. The OIP imposed a civil monetary penalty of \$1,148,071.77 upon STIS and required STIS to refund to current and former client's fees of \$1,148,071.77 together with interest of \$150,238.74.

## Other Financial Industry Activities and Affiliations

SunTrust Investment Services, Inc. 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 and certain STAS associates are dually registered as registered representatives of the broker-dealer. The management personnel are all securities registered primarily for oversight of the securities business. Generally, management personnel are not actively selling investment products.

STIS is also an insurance agency and certain STAS associates are also insurance licensed and appointed through the insurance agency. There are members of management who are insurance licensed and appointed through STIS primarily for oversight of insurance business. Like brokerage, management personnel are generally not actively selling insurance products.

STAS has the following agreements with STIS:

**Dual Representative Agreement:** Under this agreement, certain STAS Advisors are dually registered with STIS and offer brokerage and insurance products and services to STIS clients as well as offering STAS advisory programs and services.

**Research and Other Services Agreement:** Under the agreement, STAS IAG generates reports of due diligence conducted on investment vehicles, creates or negotiates third party advertising, marketing and research materials, design, monitor and update as needed on a continuous basis, capital market assumptions strategic,

tactical, and neutral allocations, watch list and ad-hoc manager and performance updates and consultative services.

**Services Agreement:** Under the agreement STIS provides STAS such items as best execution reporting, maintenance of STAS' books and records and AML processes related to clients of the AMC Program. STAS, under the agreement, provides payment of clearing and execution costs related to advisory account trades.

SunTrust Bank is state chartered bank and trust company authorized under the law of Georgia to provided banking and trust services. Certain SunTrust bank employees are registered with STAS as investment adviser representatives and offer the Programs described in this brochure to their clients.

STAS has the following agreements with SunTrust Bank ("STB"):

**Dual Representative Agreement:** Under this agreement, certain STAS Advisors, Investment Strategists, are dually employed by STAS and the SunTrust Bank and offer investment products and services to SunTrust Bank clients as well as offering STAS advisory programs and services.

**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 STAS by SunTrust Bank and allocated by inter-company agreements.

**Non-Deposit Retail Sales (Networking) Agreement:** Under the agreement, unregistered SunTrust Bank employees may refer qualified bank clients to STAS Advisors for a onetime nominal fee of a fixed dollar amount that is not contingent on whether the qualified Client referral results in any advisory activity or the establishment of an investment advisory relationship. STAS reimburses the bank for all referral fees on a quarterly basis.

**Model Manager Agreement:** Under the agreement, STAS' IAG constructs and maintains on a continuous basis one or more model portfolios meeting the investment objectives outlined by STB.

**Investment Sub-Adviser Agreement:** Under the agreement, STAS' IAG manage STB client portfolio assets on the STB platform.

**Research and Other Services Agreement:** Under the agreement, STAS IAG generates reports of due diligence conducted on investment vehicles, creates or negotiates third party advertising, marketing and research materials, design, monitor and update as needed on a continuous basis, capital market assumptions strategic, tactical, and neutral allocations, watch list and ad-hoc manager and performance updates and consultative services.

STAS has the following agreements with GenSpring Family Offices LLC ("GFO"), an affiliate of STAS:

**Solicitor Agreement** Under the agreement, STAS Advisors solicit clients for GFO's advisory services and STAS receives compensation for the solicitations.

**Services Agreement:** Certain STAS personnel are also employed by and/or registered with GFO. STAS has entered into shared services agreement with GFO which provides that certain services and costs associated with the use of STAS personnel and services to GFO business functions shall be allocated to and charged to GFO

pursuant to inter-company agreement which provides for each entity to share in the costs associated with those employees and the services they provide.

**Dual Representative Agreement:** Under this agreement, certain members of STAS' Investment Advisory Group ("IAG"), are dually registered with STAS and GFO in states where such dual registration is permitted, and offer investment products and services to GFO clients as well as offering STAS advisory programs and services. STAS has the following agreements with SunTrust Bank,

The compensation received from GFO for soliciting advisory and asset management clients, which is disclosed to clients in a separate disclosure statement, is typically equal to a percentage of the investment advisory or asset management fee charged by the affiliated adviser and may range up to sixty five percent of the advisory fee. Because STAS and its Advisors receive compensation from GFO for referring clients and because such compensation may differ depending on the individual agreement with GFO, STAS and its Advisors may have an incentive to recommend GFO over a non-affiliated adviser with which STAS and its Advisors have a less favorable compensation arrangement. No client referred by STAS and its Advisors is charged any additional amount over the affiliated adviser's customary advisory or asset management fee as a result of the agreement between us and the affiliated adviser.

STAS may at any time and from time to time enter into solicitation agreements with third party solicitors to solicit clients for STAS' investment advisory services.

## **Conflicts of Interest**

STAS endeavors to operate at all times in conformity with federal and/or state laws and to conduct business with the highest ethical standards, free from any conflicts of interest.

In offering the Programs STAS has various potential conflicts of interest, described below.

It has identified securities (with the exception of notes) of SunTrust Banks, Inc. as presenting possible conflicts of interest; however, clients, who have existing positions in their AMC Advisor Managed Program account (or who transfer in securities to their account) will have limited advice with respect to these securities and will be subject to the Program Fee described above under **Fees and Compensation**. Such positions will be monitored as part of an account's overall asset allocation and will be included on statements and reports.

STAS has notified the Advisors of the restrictions on purchasing or holding and replacement securities.

Financial Incentive Programs. For the duration of the underlying investment management agreement STAS Advisors are compensated in part by Financial Incentive Programs ("FIP") which reward them with a percentage of the revenue STAS receives from the Programs described in this brochure. Because of this, Advisors have a financial incentive to recommend the Programs described in this brochure over investment products and programs which are not provided by STAS. STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to determine that it is in the best interest of each client and their unique investment objectives and financial circumstances in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Non-Deposit Retail Sales (Networking) Agreement: Under the agreement, unregistered STB employees may refer qualified bank clients to STAS Advisors for a one-time nominal fee of a fixed dollar amount that is not contingent on whether the qualified Client referral results in any advisory activity or the establishment of an investment advisory relationship. . STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to determine that it is in the best interest of each client and

their unique investment objectives and financial circumstances in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics. Furthermore, STB supervises its unlicensed employee investment referrals in accordance with the requirements of Federal Reserve Board regulation R, Exceptions for Banks from the Definition of Broker in the Securities Exchange Act of 1934.

Advisory vs. Brokerage Accounts. Depending upon the level of a client's investment activity and corresponding brokerage commissions STAS and your Advisor may earn greater compensation from a Program described in this Brochure than if the client instead elected a brokerage relationship and purchased individual securities. If anticipated brokerage compensation is less than the Program Advisory Fee, Advisors and STAS will have a financial incentive to recommend one of the Programs described in this Brochure instead of a brokerage relationship. STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to determine that it is in the best interest of each client and their unique investment objectives and financial circumstances in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Advisory vs. SunTrust Bank Trust and Investment Management Accounts. If anticipated revenue from a SunTrust bank trust or investment management account is less than a client's anticipated Program Advisory Fee, Advisors who are also SunTrust Bank Employees and STAS, will have a financial incentive to recommend one of the Programs described in this Brochure instead of a SunTrust bank trust or investment management relationship. In these circumstances Advisors and STAS will have a financial incentive to recommend one of the Programs described in this Brochure. STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to determine that it is in the best interest of each client and their unique investment objectives and financial circumstances in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Clients with assets on both the STB and STAS platforms will not have assets combined for fee discounts on either platform, each entity and its programs are separate and distinct from each other.

Use of Affiliated Broker Dealer. STAS requires all clients participating in the AMC Programs and Envestnet Programs described in this brochure to maintain their Program Accounts in a brokerage account established with its affiliated broker-dealer, STIS. The required use of an affiliated brokerage account provides additional revenue to STIS and, through management efficiencies, provide benefits to STAS in reducing the cost of administering the Programs. STAS addresses this conflict of interest by disclosing it to its clients and monitoring STIS for best execution practices through its Product Committee for conformity with STAS fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Clients have the option to purchase investment products that we recommend through other broker-dealers or agents that are not affiliated with STIS.

Active Trading. Clients are not charged a separate commission or other transaction charge for trades executed through STIS via NFS; instead these charges are included in the Advisory Fee, and STAS will pay STIS NFS' commissions and other transaction charges (as negotiated between STAS and STIS) for transactions for AMC Programs described in this brochure. STAS or one or more of their affiliates will incur additional expenses as the amount of trading in an AMC Programs described in this brochure increases. As a result, STAS has a conflict of interest and financial incentive to limit the number of trades recommended and has an incentive to seek to limit the extent of trading activity of the AMC Programs described in this brochure. STAS addresses this conflict of interest by disclosing it to its clients and by supervising the activities and recommendations made by IAG with supervisory review by its Product Committee for



conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Program Selection. For the duration of the underlying investment management agreement, STAS shares these Advisory Fees with client's Advisor and other employees of STAS and its affiliates. Because of this, Advisors have a financial incentive to recommend a Program which pays higher compensation to STAS and its affiliates over another Program. STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to determine that it is in the best interest of each client and their unique investment objectives and financial circumstances in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Models Created by IAG for Management of AMC Program Portfolios and STAS Advisor Usage of the Models for Client Portfolio Management. STAS Advisors utilizing models created by IAG for management of STAS AMC program portfolios may elect to modify the models in allocation percentage and/or security selection. Such changes will have differing performance and portfolio positions than the IAG models. Further, even if the models used by the STAS Advisors are the same as those created and used by IAG, the timing of trade entry will differ resulting in differences in performance due to the possible differing of trade execution prices, resulting in either a lower or higher share costs. STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to ensure that it is suitable for each client and their unique investment objectives and financial circumstances.

Research Reports Created by IAG and Used by STAS Advisors and Affiliated Firms. Research reports are created by IAG and used by STAS advisors for managing client portfolios is also shared with STB, STIS and GFO, therefore STAS and specifically, IAG, have a responsibility to ensure it reasonably and fairly allocates investment opportunities when communicating research utilized by all three affiliated firms (STAS, STB, STIS and GFO) and their respective clients. In addition, STAS Advisors may not act upon such research at the same time that IAG, STB, STIS or GFO does, resulting in the possible differing of trade execution times and prices and therefore performance. STAS addresses this conflict of interest by disclosing it to its clients and by requiring Advisors' supervisors, or designees, to review each account at account-opening to ensure that it is suitable for each client and their unique investment objectives and financial circumstances.

Business Conflicts. STAS and its affiliates, including SunTrust Bank, do business with companies, managers and mutual funds covered by STAS IAG. Furthermore, SunTrust Bank and its affiliates and client accounts, may hold a trading position (long or short) in, the securities of companies or funds subject to such research. Therefore, STAS and SunTrust Bank have a conflict of interest that could affect the objectivity of STAS research reports. STAS addresses this conflict of interest by disclosing it to its clients and by supervising the activities and recommendations made by IAG with supervisory review by its Product Committee for conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Educational Conferences by Mutual Funds. Mutual funds offered in connection with the Programs may also sponsor their own educational conferences. STAS' policies require that the training or educational portion of these conferences comprises substantially the entire event and that STAS pay its employees expenses in connection with such events. Managers and mutual funds may sponsor educational meetings or seminars in which clients as well as Advisors are invited to participate.

Different Advice. Although STAS' IAG manages assets on all three affiliated firm's platforms (STAS, STB and GFO) and also provides research and models similar to the models IAG utilizes in the AMC portfolios to both STB and GFO, STAS, STB, STAS Advisor Managed Programs and GFO may give different advice, take different action, receive more or less

compensation, or hold or deal in different securities for any other party, client or account (including their own accounts or those of their affiliates) from the advice given, actions taken, compensation received or securities held or dealt for an AMC Program account. STAS addresses this conflict of interest by disclosing it to its clients and by simultaneously sharing changes to its research, models and other investment research among all its clients, including AMC Program Accounts, Advisor Managed Program Accounts, STB and GFO in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Services Provided to Other Clients. STAS and its affiliates and Managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and commercial and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in the programs described in this Brochure. STAS and its affiliates and managers and their affiliates receive compensation and fees in connection with these services. STAS believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account. Accordingly, it is likely that securities in an account will include some of the securities of companies for which STAS and its affiliates, and managers, and their affiliates perform investment banking, commercial banking or other services. STAS addresses this conflict of interest by disclosing it to its clients and conducting its investment advisory activities in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Trading for Own and Other Accounts. STAS and their affiliates may also develop analyses and/or evaluations of securities sold in a Program described in this Brochure, as well as buy and sell interests in securities on behalf of client accounts. These analyses, evaluations and purchase and sale activities are proprietary and confidential, and STAS will not disclose them to clients. STAS may not be able to act, in respect of clients' account, on any such information, analyses or evaluations. STAS, managers and their affiliates are not obligated to effect any transaction that they believe would violate federal or state law, or the regulations of any regulatory or self-regulatory body. STAS addresses this conflict of interest by disclosing it to its clients and conducting its investment advisory activities in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Affiliated Sweep Investments. STAS has a conflict of interest in selecting or recommending the SunTrust Bank Sweep Deposit Option as a sweep investment vehicle because SunTrust bank, its affiliate, receives interest spread compensation with respect to all of its deposits. STAS addresses this conflict of interest by disclosing it to its clients and recommending its affiliated sweep products only when it determines that based upon yield and other investment characteristics use of affiliated sweep deposit options is in the best interest of its clients in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics. See section All Programs - Core Account, below.

Non-public Information. In the course of commercial and investment banking or other activities, STB, STIS, STAS, the Managers, and each of their respective affiliates and agents may from time to time acquire confidential or material nonpublic information that may prevent them, for a period of time, from purchasing or selling particular securities for client accounts. Client acknowledges and agrees that STAS, the Managers, and each of their respective affiliates and agents will not be free to divulge or to act upon this information with respect to their advisory or brokerage activities, including their activities with regard to any client account. This may adversely impact the investment performance of client accounts. STAS addresses this conflict of interest by disclosing it to its clients and acting in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Other Investment Products Available. Client understands that Managers may offer to the public other investment products such as mutual funds with similar investment styles and holdings as those investment products offered through the AMC Programs. Such products may be offered at differing fees and charges that may be higher or lower than the fees

imposed by STAS under an AMC Program. A separate account investment product and a mutual fund investment product may utilize the same investment manager and investment strategy, but involve different minimum investment amounts and fees. A client's portfolio may include a mutual fund investment product even where a similar but lower cost separate account investment product is available, and STAS will not necessarily change to the separate account investment product if a client's assets increase to above the minimum investment amount required for the separate account investment product. STAS addresses this conflict of interest by disclosing this limitation to its investment management services to its clients and acting in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Block Trades. Managers may direct some block trades to STIS for execution. STIS may obtain a benefit from executing these block trades as a result of the increased trading volume attributable to these blocks. STAS addresses this conflict of interest by disclosing it to its clients and monitoring STIS for best execution practices through its Product Committee for conformity with STAS fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

STAS Chief Investment Officer. The STAS Chief Investment Officer ("CIO") is responsible for and supervises IAG and is also the Chief Investment Officer of an affiliated investment adviser, GenSpring Family Offices, LLC. IAG provides significant investment services to STAS, STB and GFO. STAS addresses this conflict of interest by disclosing it to its clients and by simultaneously sharing changes to its research, models and other investment research among all its clients, including AMC Program Accounts, Advisor Managed Program Accounts, STB and GFO in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

As noted above under **Methods of Analysis, Investment Strategies and Risk of Loss** section, firms, including NFS, provide research that STAS Advisors may use in managing client assets.

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

### Code of Ethics

STAS 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 STAS Code is available upon request from any STAS Advisor.

### Participation in Client Transactions

STAS 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 by STAS employees must be conducted in compliance with all applicable laws and policies adopted by STAS.

### Personal Trading

Personal securities transactions by STAS employees or transactions for the firm's affiliates may raise potential conflicts of interest when a security is traded that is 1) owned by you or 2) considered for purchase or sale for you. STAS 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.

STAS may maintain an investment account invested in U.S. Treasuries and high quality money market funds 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.

#### Political Contributions

SunTrust Bank, its affiliates and their employees may make political and charitable contributions to various persons and organizations subject to the limits within the firm's political contribution policy. The ensuing goodwill may result in added business to STAS.

## **Brokerage Practices**

Clients must open a STIS brokerage account when opening an AMC Advisor Managed Program account. STIS uses NFS as its clearing broker for custody, trade execution and clearing, trade confirmations and regular monthly statements of positions and account activity. NFS also provides STIS with electronic execution facilities, research that we may use in managing client accounts, and software that includes other research and execution-related features, such as account information, market data, analytical tools, reporting, and investment planning tools.

Client risk tolerance and investment objectives of a client's underlying STIS brokerage account may not specifically match the investment advisory account risk profile of the managed program account within the Envestnet system which governs how account risk is captured and monitored. In the case of any discrepancy in risk ratings, each client account shall be managed in accordance with the risk rating applicable to the investment advisory relationship and not in accordance with any risk rating applicable to a pre-existing brokerage relationship.

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 your 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.

**Core Account:** Client's Account contains a "**core account**" which is used for settling transactions and holding credit balances. All cash proceeds from sell transactions and other credit balances will be retained in the core account.

Clients may elect the bank sweep product of an affiliate, SunTrust Bank, as a cash sweep investment option in the core account of their brokerage account which is used for settling transactions and holding credit balances. Clients electing this feature will have cash balances in their account automatically swept into an interest-bearing deposit account at SunTrust Bank, a federally insured banking institution. Cash balances held at SunTrust Bank will be eligible for FDIC insurance coverage up to \$250,000 (principal plus accrued interest) per depositor per insurance capacity, in accordance with applicable FDIC rules. All deposits (for example, deposits clients may make at SunTrust Bank outside of the

SunTrust Bank sweep product plus the bank sweep cash balance) held by an individual in the same right and legal capacity at the same bank are aggregated and insured up to \$250,000. Special rules apply to FDIC insurance of trust deposits. All FDIC insurance coverage is in accordance with FDIC rules.

Neither STAS nor NFS will monitor the amount of client's SunTrust Bank sweep balances for determining whether the account exceeds the limit of available FDIC insurance. Clients are responsible for monitoring the total amount of their assets on deposit with SunTrust Bank (including accounts at SunTrust Bank held in the same right and legal capacity) in order to determine the extent of deposit insurance coverage available to them on those deposits, including their SunTrust Bank sweep balance held at SunTrust Bank. Clients who are trustees are responsible for determining the application of FDIC insurance for themselves and their beneficiaries.

Clients who select the SunTrust Bank FDIC Sweep Option will receive a separate disclosure document that highlights the features and benefits of the sweep program and discloses benefits to SunTrust Bank and STAS arising in connection with such deposits. The terms of these disclosures are incorporated herein by reference. Funds in the SunTrust Bank sweep product are part of the advisory Program and as such are subject to the applicable Program Fee.

SunTrust Investment Services, Inc., an affiliated broker-dealer of STAS receives compensation from SunTrust Bank related to the SunTrust Bank sweep product. The total compensation received from STB is paid to National Financial Services, LLC, the clearing and execution firm utilized by STIS.

In the interests of simplicity or better trade execution, an Advisor may, but is not required to, aggregate orders for client accounts with orders for other client accounts managed by that Advisor. Orders generally will not be aggregated among accounts managed by different Advisors. If an Advisor aggregates orders for multiple client accounts, those client accounts will receive the average price for those trades. Partial fills of a block security transaction will be allocated among clients on a pro rata basis, rounded to a reasonable degree.

STIS may receive a benefit from the possession and temporary investment of cash balances in client accounts before investment, whether in a sweep arrangement or otherwise. In certain advisory service programs, cash balances may earn interest payable by STIS at a rate comparable to the U.S. Treasury 90-day bill rate. In such cases, STIS will obtain a benefit from the possession and temporary investment of the cash balances in client accounts, in addition to the fees described herein.

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 fees and expenses, including certain advisory, distribution, deferred sales charges, or other fees, and a client account invested in those funds may bear a portion of those expenses. Each of the fees discussed above is in addition to the Program Fee.

#### (AL) Mutual Fund Share Exchanges

As a fiduciary and subject to the SEC's Investment Advisers Act, STAS must at all times act in the client's best interests. To that end, client expressly authorizes STAS to exchange any mutual fund shares held in Client's Account for equivalent shares of the same mutual fund which consist of shares of the most cost effective share class of such mutual fund available to Client's Account. Any such exchange may be made by STAS on behalf of Client's Account in STAS's sole discretion and without prior notice to Client and without requiring Client's consent to the exchange.

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, STAS, STIS and NFS are not responsible for submitting documents on behalf of the client.

STAS does not have any soft-dollar arrangements.

#### Termination of AMC Advisory Relationship

Upon termination of the AMC Advisory relationship, STAS will reclassify the account to a regular brokerage account.

## **Review of Accounts**

Supervisory reviews are conducted by STAS Central Supervision Group, which consists of a Group Supervisory Specialist Manager, Team Leads and Group Supervisory Specialist ("GSS").

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 Advisor Managed Program 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. Clients may change this election at any time and any election made with respect to the receipt of confirmations shall not in any way affect a client's Program Fee.

Investnet will prepare Quarterly Reports ("Reports") which compares the client's account to leading securities market indices. Investnet may rely on information provided by third parties, such as recognized independent quotation and valuation services. STAS believes that this information is reliable; however, STAS will not independently verify the accuracy of the information provided by these services. A copy of the report will be sent by STAS 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 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 STAS Advisor.

## **Client Referrals and Other Compensation**

Unregistered SunTrust Bank employees are paid a nominal referral fee for making general referrals of customers to STAS. **See Other Financial Industry Activities and Affiliations, SunTrust Bank Non-Deposit Retail Sales (Networking) Agreement, above for details.**

## **Referrals of Client Advisors and Premier Bankers**

SunTrust Bank (“STB”) and STAS Client Advisors (“CAs”) and Premier Bankers (“PBs”) work together in teams that include STAS advisors to help determine potential solutions for each client’s financial goals. Information gathered and reports created are shared among the team members from both entities. Some bank advisors may also be registered investment adviser representatives of STAS. These bank advisors may refer clients to STAS and may be part of the overall client team. Those CAs and PBs who are not registered with STAS are prohibited from referring clients to STAS.

STAS Registered CAs and PBs are indirectly compensated for client referrals to STAS by STB. Such compensation is based on the asset under management amount (“AUM”) of clients referred to STAS. When the totality of referred client’s AUM reaches certain levels specified in their applicable Financial Incentive Program, a CA’s or PB’s salary may be adjusted and paid by STB. The receipt of incentive compensation in connection with recommendations to invest in the AMC Programs creates a conflict of interest for the CAs and PBs and the Firm. See **Conflicts of Interest** - Financial Incentive Programs **Section** above

## **Custody**

Clients receive monthly and/or quarterly account statements from NFS and clients should review these carefully.

## **(AV) Investment Discretion**

By agreeing to the terms of the AMC Advise Program Client grants STAS complete and unlimited discretionary trading authorization over the account and appoints STAS as Client’s agent and attorney-in-fact with respect to the same. STAS may, in its sole discretion and at Client’s risk, purchase, sell, exchange, convert, and otherwise trade the securities and other investments in the account as well as arrange for delivery and payment in connection with the above and act on behalf of Client in all other matters necessary or incidental to the handling of the account.

The power of attorney shall not be affected by the subsequent death or incapacity of Client. If, in the event of Client’s death, STAS acts in good faith pursuant to this trading authorization without actual knowledge of Client’s death, any action so taken, unless otherwise invalid or unenforceable, shall be binding on Client’s successors in interest. In the event of Client’s death, STAS is authorized to liquidate any or all property in the account whenever STAS, in its sole discretion, considers it necessary to do so for its protection or for the protection of the assets in the account. This trading authorization is a continuing one and shall remain in full force and effect until terminated by Client or STAS in writing. The termination of this authorization will constitute a termination of the investment management agreement.

Client may request in writing that certain specified securities, or certain categories of securities, not be purchased for the Account. If Client restricts a general category of securities but does not prohibit the purchase of specific securities, STAS will determine what specific securities fall within that category based on our determination of the primary business of the issuer. STAS will notify client in writing quarterly, requesting Client to contact STAS about any changes in Client’s financial situation or investment objectives, and whether Client wishes to change, or impose any new, instructions for the management of the account.

## **Voting Client Securities**

**AMC Allocation Plus:** With respect to the AMC Allocation Plus Program STAS 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 expressly retains the authority and responsibility for the voting of such proxies. Client will receive all shareholder communications, including proxy statements and proxies, distributed by the issuers of securities held in client accounts.

**AMC Advise Accounts:** STAS will vote proxies for accounts enrolled in the AMC Advise Program. STAS' Proxy Committee includes members from the firm's Investment Policy Committee and is responsible for establishing policies and procedures designed to enable STAS to ethically and effectively fulfill its fiduciary obligation to vote all applicable proxies on behalf of the client accounts and funds.

Annually (or more often as needed), the Proxy Committee will review, reaffirm and/or amend guidelines, strategies and proxy policies for all client accounts.

Although STAS does its best to alleviate or diffuse known conflicts, there is no guarantee that all situations have been or will be mitigated through proxy policy incorporation. STAS and several of its affiliates conducted reviews of established service providers including size, experience and technical capabilities. STAS contracted with Glass Lewis & Co. as its agent to provide policy recommendations, vote firm proxies, assist us with certain administrative, clerical, functional recordkeeping and support services related to the firm's proxy voting processes/procedures, which include, but are not limited to:

1. Access to proxy research,
2. Custom policy recommendations,
3. The collection and coordination of proxy material from the custodian for each STAS client's account(s),
4. Proxy voting, reconciliation, and disclosure for each of STAS' client's account(s), in accordance with STAS' proxy policies and the Proxy Committee's direction,
5. Required record keeping and voting record retention of all STAS proxy voting on behalf STAS' clients.

Due to its diversified client base, numerous product lines, and affiliation with SunTrust Banks, Inc., and its subsidiaries, the Proxy Committee may determine a potential conflict exists in connection with a proxy vote based on the SEC guidelines. In such instances, the Committee will review the potential conflict to determine if it is material.

Examples of material conflicts of interest which may arise could include those where the shares to be voted involve:

1. Common stock of SunTrust Banks, Inc., and/or other public corporate issuers with which either STAS or SunTrust Banks, Inc. or its affiliates, may have a similar significant ongoing non-investment management associated relationship.
2. An issuer with a director, officer or employee who presently serves as an independent director on the board SunTrust Banks, Inc. or any of its affiliates.
3. An issuer having substantial and numerous banking, investment, or other financial relationships with STAS, SunTrust Banks, Inc. or its affiliates.
4. A director or senior officer of STAS or SunTrust Banks, Inc. serving on the board of a publicly held company.
5. A direct common stock ownership position of five percent (5%) or greater held individually by STAS, or in conjunction with STAS and SunTrust Banks, Inc. and/or its affiliates.

Although STAS utilizes a pre-determined proxy voting policy, occasions may arise in which a conflict of interest could be deemed to be material. In this case, the Proxy Committee will determine the most fair and reasonable procedure to be followed in order to properly address all conflict concerns. The Proxy Committee may employ one or more of the options listed below:



1. Retain an independent fiduciary to vote the shares.
2. Send the proxy material to the client so he or she may vote the proxies.

To obtain a copy of the complete proxy voting policies and procedures, or information about how STAS voted your proxies, please contact: SunTrust Investment Services, Inc. Attn: Mr. Will ORIelly, 303 Peachtree Center Avenue, SunTrust Garden Offices, Suite 140, Atlanta, GA 30303, or via e-mail at: [Will.Orielly@suntrust.com](mailto:Will.Orielly@suntrust.com).

### **CAC Referrals**

Securities registered Private Financial Advisors (“PFAs”) may refer clients to the CAC and receive a \$100 referral fee from SunTrust Investment Services, Inc. (“STIS”), the broker-dealer affiliate of STAS which provides account trading and administration services to the STAS Programs. Qualified referrals are based upon the opening of a new account with a portfolio within the CAC between \$50,000 and \$100,000 of investible assets.

### **Referrals of Client Advisors and Premier Bankers**

SunTrust Bank (“STB”) and STAS Client Advisors (“CAs”) and Premier Bankers (“PBs”) work together in teams that include STAS advisors to help determine potential solutions for each client’s financial goals. Information gathered and reports created are shared among the team members from both entities. Some bank advisors may also be registered investment adviser representatives of STAS. These bank advisors may refer clients to STAS and may be part of the overall client team. Those CAs and PBs who are not registered with STAS are prohibited from referring clients to STAS.

STAS Registered CAs and PBs are indirectly compensated for client referrals to STAS by STB. Such compensation is based on the asset under management amount (“AUM”) of clients referred to STAS. When the totality of referred client’s AUM reaches certain levels specified in their applicable Financial Incentive Program, a CA’s or PB’s salary may be adjusted and paid by STB. The receipt of incentive compensation in connection with recommendations to invest in the AMC Programs creates a conflict of interest for the CAs and PBs and the Firm. **See Conflicts of Interest** - Financial Incentive Programs **Section below.**\_\_\_\_

### **SunTrust Private Wealth Management RESERVE**

SunTrust Bank has partnered with third party vendors to bring additional services to certain segments of its clients, including STAS clients.

The additional services available to STAS clients include:

- Access to jet-leasing services;
- Access to personal excess liability insurance for litigation protection;
- Access to healthcare advocacy and advisory support.

These are optional services, and have an additional fee to be paid to the third party provider and are not included in STIS Advisory Fee. Your STAS Advisory Fee is not affected by these services.

SunTrust Bank conducts initial and ongoing due diligence reviews on all vendors whose services are available to STAS clients related to this program. No compensation is received by SunTrust or any affiliate as a result of these arrangements.

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