

Part 2A of Form ADV: *Firm Brochure*



WELCH HORNSBY

(formerly Welch Hornsby & Welch, Inc.)

One Commerce Street, Suite 800
Montgomery, Alabama 36104
(334) 272-1192

2000 SouthBridge Parkway, Suite 500
Birmingham, Alabama 35209
(205) 949-6040

6000 Fairview Road
SouthPark Towers, Suite 1200
Charlotte, North Carolina 28210
(704) 780-4930

www.welchhornsby.com
www.uncompromisingcommitment.org
March 25, 2020

This brochure provides information about the qualifications and business practices of Welch Hornsby, Inc. Should you have any questions about the contents of this brochure, please contact us at 334-272-1192 or gglenn@welchhornsby.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Welch Hornsby, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 104664.

Item 2 MATERIAL CHANGES

This Firm Brochure, dated March 25, 2020, provides you with a summary of Welch Hornsby, Inc.'s advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31, 2019. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated March 29, 2019:

As announced in a March 12, 2020 press release, CAPTRUST Financial Advisors ("CAPTRUST"), also known as CapFinancial Partners, LLC, acquired Welch Hornsby, Inc. in February 2020, and along with Co-founder and Chief Executive Officer, Eddie Welch, 14 financial advisors and research professionals and 12 operational staffers have joined CAPTRUST and assumed its name and branding.

Based in Raleigh, North Carolina, CAPTRUST Financial Advisors 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.

Given the acquisition of Welch Hornsby by CAPTRUST, Welch Hornsby intends to withdraw its registration with the SEC in the 2nd quarter 2020, after all clients have transitioned to CAPTRUST.

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Item 4 ADVISORY BUSINESS

Welch Hornsby, Inc. ("Welch Hornsby") is a SEC-registered investment adviser with its principal place of business located in Alabama. Welch Hornsby & Welch, Inc. began conducting business in 1988.

Listed below is the firm's principal shareholder (i.e., those individuals and/or entities controlling 25% or more of this company).

- Edward V. Welch, Jr., Chairman & CEO

In addition, the firm has twelve employee shareholders.

Welch Hornsby offers the following advisory services to our clients:

PRIVATE WEALTH MANAGEMENT

Wealth Management Services for Individuals and Families

Since 1988 Welch Hornsby has been committed to building and protecting the wealth of individuals and families. Long-term success is our highest priority. First we listen. When we understand our client's objectives, we build a portfolio for them. In designing a portfolio, we consider financial assets, cash flow needs, and any and all unique situations. We understand the difference between our clients who are building wealth and those living from the wealth they have built. Family dynamics can be unique and need navigation. Children must be educated about wealth. When clients are ready, we implement strategies to meet their needs, our aim is to develop strategies that outlast unfavorable, short-term cycles and enjoy modest success in favorable cycles. Communication is critical. We always want our clients to understand every decision we make on their behalf. We select money managers who employ both passive and active investment styles that are complementary in nature. In addition, we rely heavily on the capabilities of our diverse, experienced, and committed research team. Welch Hornsby takes an unbiased approach as we supervise the portfolio. We continuously review managers while keeping focused on the overall portfolio. Working directly with other fee-only professionals, such as CPAs and estate attorneys, Welch Hornsby fully integrates every limb of the client's financial tree.

For those clients so choosing, Welch Hornsby offers attendant financial planning services. These services would include preparation of a client's net worth statement, risk management (insurance) review, educational planning for children and dependents, retirement planning, income tax planning, estate planning, and resource optimization. Financial planning work is comprehensive and to be successful must be collaborative. To facilitate this work, we ask that clients provide timely, accurate and complete information and reasonable assistance.

Welch Hornsby is not an accounting, tax advisory or insurance firm and it should be noted that we are not attorneys and do not prepare legal documents.

INSTITUTIONAL MANAGEMENT

For more than 25 years, Welch Hornsby has provided leadership to investment committees and boards of non-profit organizations as well as corporate and municipal retirement plans. From large national companies to large and mid-sized professional firms and organizations, we sit on the same side of the table with our clients to assist them in the portfolio design, implementation, and supervision of their employees' retirement assets or their organization's foundation or endowment. For all of our institutional clients, we recognize the significant fiduciary duty each committee member must exercise, and we are committed to helping them execute it with care, prudence, and confidence.

Investment Advisory Services for Endowments and Foundations

We strive to understand the key investment principles to successfully serve our institutional clients. Every entity is different. From a university endowment to a hospital foundation to a family's private foundation, we create and design portfolios to meet specialized needs or other specific goals. At Welch Hornsby, we have a long history of working closely with investment committees, boards, and family members to craft comprehensible portfolio solutions to meet the entity's unique needs. It begins with ensuring each member has a voice and then bringing the group to a common objective for the portfolio. We educate clients on the impact of a spending policy through ongoing cash flow analysis. Quarterly consolidated reports help measure success and bring the group together for regular and healthy exchange. Working together, we bring stability and strength to the organization.

Pooled Retirement Plans

When Plan Sponsors have direct investment responsibility for Plan assets, unbiased council is mission critical. Our process begins with a detailed review of the Plan's assumptions and interviews with the overall committee, individual committee members, and management. This initial step helps to ensure the investment portfolio is best designed to meet the specific needs and objectives of the client within a framework incorporating specific risk tolerances, objectives, and constraints. We utilize asset/liability analysis when building investment portfolios. We believe the best approach for establishing successful strategic asset allocation guidelines begins with a quantitative analysis of historical data (returns, risk, and correlation) as well as quantitative modeling of possible future results. Following the initial review, potential asset classes to be included in the portfolio are identified and defined based on their functional attributes (e.g., debt versus equity, domestic versus international, public versus private, liquid versus illiquid, inflation sensitive versus deflation sensitive) in order to identify those asset classes we believe offer the characteristics required for long-term investment success relative to the unique needs/objectives of the client.

After the appropriate asset classes have been defined, investment managers are identified to implement the asset class allocation decisions. We incorporate investment manager guidelines that establish the long-term performance goals/expectations, shorter-term performance characteristics, constraints on active management, and how each manager complements other investments in the portfolio. Manager communication guidelines are defined to include any changes to the firm's people, process, or philosophy.

Finally, we assist in drafting an investment policy statement which clearly outlines the goals and objectives of the portfolio, defines the roles of the participants, and defines “success” at both the portfolio and manager level.

Participant Directed Retirement Plan Consulting

Oftentimes, your employees’ present level of comfort depends on the confidence they have in their financial future.

Participant choice plans have evolved into complicated and puzzling entities. The Plan Sponsors and investment committees of 401(k) and 403(b) plans bear a significant fiduciary burden. As a co-fiduciary, Welch Hornsby provides leadership to the investment committee and assists them with everything from drafting investment policy statements to selecting and monitoring investment management options to negotiating fees with vendors. Vendor management is increasingly critical to a successful 401(k) or 403(b) offering. Often the missing piece of the retirement plan puzzle is proper fiduciary oversight required by the plan sponsor to select and monitor appropriate investment alternatives for its employees. In addition, fees can be hidden and difficult to force to the surface. At Welch Hornsby, we speak the language. We are only paid by our clients. We are an objective voice. We are an advocate for plan sponsors, investment committees and ultimately each Plan Participant.

Within any of our advisory service offerings, clients are free to impose restrictions on certain securities or types of securities which, for any reason, they may find objectionable.

AMOUNT OF MANAGED ASSETS

As of December 31, 2019, Welch Hornsby managed \$1,777,562,290 of assets under management on a discretionary basis, with another \$3,749,714,874 of assets under advisement, totaling \$5,527,277,164 across 463 client relationships in eighteen (18) States. Welch Hornsby’s discretionary assets under management includes \$260,540,282 across 135 client relationships that are invested with third party Separate Account Managers.

Item 5 FEES AND COMPENSATION

The specific manner in which fees are charged by Welch Hornsby is established in a client’s written agreement with Welch Hornsby. All fees may be subject to negotiation. Advisory fees paid by clients are generally based upon a percentage of assets under management and are billed in advance based on the last day’s valuation of the preceding quarter. Clients may choose to be billed directly for fees or authorize Welch Hornsby to directly debit fees from their accounts.

Welch Hornsby’s fees are exclusive of broker commissions, transaction fees and other related cost expenses, which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third parties, separate account managers and other third parties, such as; fees charged by managers, custodial fees, deferred sales charges, odd lot differentials, transfer taxes, wire transfers and electronic fund fees, and other fees and taxes on broker’s accounts and security transactions. Mutual

funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are in addition to the Welch Hornsby fee. Welch Hornsby does not receive any portion of these commissions, fees and costs.

FEES FOR WEALTH MANAGEMENT SERVICES FOR INDIVIDUALS AND FAMILIES

Year One (Defined as First Four Billing Periods)

First \$2.5 Million	1.25% (subject to minimum)
\$2.5 Million to \$5 Million	\$31,250 plus 0.75% of amount over \$2.5 Million
\$5 Million to \$10 Million	\$50,000 plus 0.55% of amount over \$5 Million
\$10 Million to \$20 Million	\$77,500 plus 0.25% of amount over \$10 Million
Above \$20 Million	\$102,500 plus 0.20% of amount over \$20 Million

Minimum Fee \$10,000

Beginning Year Two

First \$2.5 Million	1% (subject to minimum)
\$2.5 Million to \$5 Million	\$25,000 plus 0.75% of amount over \$2.5 Million
\$5 Million to \$10 Million	\$43,750 plus 0.55% of amount over \$5 Million
\$10 Million to \$20 Million	\$71,250 plus 0.25% of amount over \$10 Million
Above \$20 Million	\$96,250 plus 0.20% of amount over \$20 Million

Minimum Fee \$7,500

Assets over \$100 Million are subject to a negotiated fee schedule.

FEES FOR INSTITUTIONAL MANAGEMENT

Fees for Endowments and Foundations, Pooled Retirement Plans and Other Pooled Portfolios

First \$5 Million	0.75% (subject to minimum)
\$5 Million to \$10 Million	\$37,500 plus 0.30% of amount over \$5 Million
\$10 Million to \$20 Million	\$52,500 plus 0.15% of amount over \$10 Million
\$20 Million to \$50 Million	\$67,500 plus 0.10% of amount over \$20 Million
\$50 Million to \$100 Million	\$97,500 plus 0.05% of amount over \$50 Million
Above \$100 Million	Negotiable

Minimum Fee \$25,000

Fidelis Capital, LLC serves as the investment sub-advisor to the Private Market Funds and in such capacity is responsible for the investment of the Funds' assets, which includes the authority to allocate the Funds' assets to specific investments. Investors are subject to fees charged by Fidelis Capital, LLC, as outlined in the Confidential Private Offering Memorandum.

For investors in the Private Market Funds who are advisory clients of Welch Hornsby, Welch Hornsby does not charge any additional management fees for managing the investor's interest in the Private Market Funds other than the firm's normal client advisory fees paid by the client in the ordinary course of the advisory relationship. For Private Market Fund investors who are not advisory clients, Welch Hornsby fees are negotiated.

Fees for Participant Directed Retirement Plan Consulting

Welch Hornsby, additionally, provides ongoing consulting services to participant directed qualified and non-qualified retirement plans which includes independent searches and ongoing performance measurement of plan investments, facilitating the Plan's investment options as well as policy and guideline formulation. Fees for Retirement Plan Consulting services are negotiated based on the selection of services, prior to the signing of the consulting agreement. WH may charge an asset based or flat/fixed fee and will vary depending on the level and scope of services required. WH generally serves as investment fiduciary to the plan and can serve in a non-discretionary or discretionary capacity.

Fees for Provider Search Services

Welch Hornsby also offers consulting services to retirement plan clients which include independent analysis of RFI and RFP responses from service providers. The fees for these services range from \$1,500 to \$35,000 depending on the complexity and scope of the project.

Fees for Consulting Services

Welch Hornsby also offers consulting services to individuals in transition, specifically divorce. Welch Hornsby may charge a fixed fee that will vary depending on the level and scope of services required. Please see Item 7 "Types of Clients" and Item 10 "Other Financial Industry Activities and Affiliations" for additional information.

Termination of the Advisory Relationship

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period, less the required 30-day written notice, unless waived in writing by the party receiving such notice.

Grandfathering of Minimum Account Requirements

Pre-existing advisory clients are subject to Welch Hornsby's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements and fee schedules will differ among clients.

Item 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Welch Hornsby as a matter of policy and practice does not charge any performance-based fees for its investment management services.

Our fees are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Investment Advisers Act of 1940, as amended).

Side-by-side management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and also mutual funds and/or hedge funds. In such circumstances, potential conflicts of interest may arise by and between the clients and the mutual funds and hedge funds, (e.g., performance fee arrangements). We do not have these client relationships except for the Welch Hornsby Private Market Funds, private equity funds. We currently do not have side-by-side management potential or actual conflicts of interests as the Welch Hornsby Private Market Funds do not have a performance fee arrangement and further, Welch Hornsby does not charge a management fee for our services as manager of the funds.

Welch Hornsby has not in the past and currently does not manage any client relationships for mutual funds or hedge funds or charge any performance fees.

Item 7 TYPES OF CLIENTS

Welch Hornsby provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities
- Other pooled investment vehicles

As previously disclosed above in Item 5 for Fees and Compensation, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

Welch Hornsby also maintains client affiliated and non-client affiliated accounts that may be reported on but are not managed. From time to time we may facilitate trading in the account through a certain broker/custodian at the sole direction of the account holder. We consider these to be accommodation accounts and not part of our regulatory assets under management or assets under advisement, rather categorized as unsupervised accounts for which we disclaim any fiduciary duty.

Welch Hornsby serves as manager and investment adviser of the WH&W Private Market Investment Fund I, LLC and the Private Market Investment Fund II, LLC which are each a Delaware limited liability company. These funds are described further in Other Financial Industry Activities and Affiliations.

Welch Hornsby, additionally, has developed an expertise in serving individuals experiencing a divorce. We educate while advising and encourage a high level of personal interaction with these individuals and their legal and accounting professionals to empower them in their new financial situations.

Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Asset Allocation. The initial step in the investment process is to identify an appropriate ratio of capital appreciation, fixed income, and cash strategies suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of capital appreciation, fixed income, and cash investments will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Investment Manager Analysis. Once an appropriate asset allocation has been established, we search for the investment manager(s) that we believe best provides the exposures targeted within the asset allocation. This investment manager search incorporates a qualitative and quantitative review, examining the experience, expertise, investment philosophies, and past performance of investment managers in an attempt to determine if each manager has demonstrated an ability to invest over a period of time and across different economic conditions. After the investment manager(s) has/have been identified, we review the different ways to access the investment manager(s), which may include, but is not limited to, a separately managed account, mutual fund, ETF/ETN and/or private partnership. The final decision on how we access an investment manager is typically made after considering investment minimums, fees/expenses, trading complexities, investment qualifications, liquidity and/or any other specific client-related issue.

The primary sources of information used during the initial and ongoing manager evaluation include publications, in-person and telephone interviews and third-party databases which are purchased from various vendors.

Investing in securities, whether directly via a separately managed account or indirectly via a mutual fund, ETF/ETN and/or private partnership, involves risk of loss. Investment managers who have been successful in the past may not be able to replicate that success in the future. Additionally, investment managers may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients.

Risk for all forms of analysis. Analysis methods rely on the assumption the investment managers, the companies whose securities are purchased or sold, the rating agencies or other third-party data providers that review these investment managers/securities, and other publicly-available sources of information about these investment managers/securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Risk of Loss for All Forms of Investments. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Item 9 DISCIPLINARY INFORMATION

We are required to disclose any legal, regulatory or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable legal, regulatory or disciplinary events to disclose.

Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Our firm and our related persons are engaged in other financial industry activities and have other industry affiliations as follows:

Welch Hornsby serves as manager and investment advisor of the WH&W Private Market Investment Fund I, LLC and the Private Market Investment Fund II, LLC ("Private Market Funds") identified in Types of Clients above. These Funds are each a Delaware limited liability company. The Private Market Fund's investment objective is to seek long-term capital appreciation in excess of broad public markets by offering individual investors access to private investment strategies which might include such types of investments as: venture capital, growth equity, leveraged buyouts, mezzanine capital and real assets.

Fidelis Capital, LLC serves as the investment sub-advisor to the Private Market Funds and in such capacity is responsible for the investment of the Funds' assets, which includes the authority to allocate the Funds' assets to specific investments. Clients should refer to the Fidelis Capital, LLC's Firm Brochure or other disclosure document for a full description of the services offered by them.

The WH&W Private Market Fund I, LLC and Private Market Fund, II, LLC are currently closed for any new investor. The Private Market Funds were available to Welch Hornsby advisory clients or other prospective investors who met the Private Market Fund's requirements of being an accredited investor and a qualified client.

For investors in the Private Market Funds who are advisory clients of Welch Hornsby, Welch Hornsby does not charge any additional management fees for managing the investor's interest in the Private Market Funds other than the firm's normal client advisory fees paid by the client in the ordinary course of the advisory relationship. Investors are, however, subject to fees charged by the sub-advisor, Fidelis Capital, LLC as outlined in Item 5 above.

For Private Market Fund investors who are not advisory clients, Welch Hornsby fees are negotiated.

Additional information about the Private Market Funds is available in the Confidential Private Offering Memorandum for each Fund which provides detailed information about investment strategies, fees, conflicts, and tax matters, among other things.

Welch Hornsby also offers consulting services for individuals experiencing divorce, separate services in which separate fees will be charged should you utilize these services. You are not obligated to use these services. There is a conflict of interest in recommending this kind of service to our clients as we have an economic incentive to recommend our own investment advisory services. This conflict is managed by ensuring that all recommendations are in the best interest of the client.

Item II CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Welch Hornsby and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and recordkeeping provisions.

Welch Hornsby's Code of Ethics further includes the firm's policy prohibiting the misuse of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to gglenn@welchhornsby.com, or by calling us at 334.272.1192.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We do not aggregate our employee trades with client transactions.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provide our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. Welch Hornsby's policy and practice is NOT to engage in any principal transactions.
5. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
6. We maintain records of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer.
7. We have established procedures for the maintenance of all required books and records.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.

11. Any individual who violates any of the above restrictions may be subject to disciplinary action, up to and including termination.

Item 12 BROKERAGE PRACTICES

Welch Hornsby may recommend brokers to its clients provided that such recommendation is consistent with our firm's fiduciary duty to the client. However, Welch Hornsby does not receive, directly or indirectly, products or services in exchange for recommending a particular broker to a client. Welch Hornsby does not maintain custody of your assets on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15-Custody below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank.

Client Directed Brokerage

Welch Hornsby will only execute through the registered broker or brokers designated by the client. The client has the sole responsibility for selecting the broker and for negotiating commission rates and other transaction costs with the broker. Client agrees that Welch Hornsby is not expected to negotiate any broker's commissions or other transactions costs with any broker designated by client, either on an overall or transaction by transaction basis. Welch Hornsby may, however, suggest one of several broker dealers. Our clients must evaluate these brokers before opening an account. The factors considered by Welch Hornsby when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services, among other factors. The client is under no obligation to use a broker dealer recommended by Welch Hornsby and agrees that Welch Hornsby shall have no liability to client with respect to any act or omission of any broker dealer including, but not limited to, any broker dealer suggested by Welch Hornsby. As Welch Hornsby does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct Welch Hornsby as to the broker-dealer to be used. In directing the use of a particular broker-dealer, it should be understood that Welch Hornsby will not have the authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged among clients.

If the Account is maintained on behalf of a plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA") or similar government regulation, client represents that the broker designated by client is capable of providing best execution for the client's brokerage transactions, and that the commission rates that client negotiated are reasonable in relation to the brokerage and other services received by the applicable retirement or other benefit plan. Client agrees that it is the client's, not Welch Hornsby's responsibility to monitor the services provided by the broker designated by client to assure that the applicable retirement or other benefit plan continues to receive best execution and pay reasonable commissions. Client will represent that the use of the broker designated by client is for the exclusive benefit of the applicable retirement or other benefit plan participants.

Schwab Advisor Services

Welch Hornsby may recommend that clients establish brokerage accounts with the Schwab Advisor Services of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Welch Hornsby is independently owned and operated and not affiliated with Schwab.

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

Services that benefit you. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that may not directly benefit you. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide pricing and other market data
- facilitate payment of our fees from our clients' accounts
- assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- consulting on technology, compliance, legal, and business needs
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants, and insurance providers
- marketing consulting and support

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Fidelity Brokerage Services

Welch Hornsby may recommend that clients establish brokerage accounts with Fidelity Brokerage Services ("Fidelity") to maintain custody of clients' assets and to effect trades for their accounts. Welch Hornsby is independently owned and operated and not affiliated with Fidelity.

Welch Hornsby has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Welch Hornsby with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Welch Hornsby in conducting business and in serving the best interests of their clients but that may benefit Welch Hornsby.

For our client accounts maintained in its custody, Fidelity does not charge separately for custody services but is compensated by account holders through brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Welch Hornsby to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to Welch Hornsby, at no additional charge to Welch Hornsby, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Welch Hornsby (within specified parameters).

Welch Hornsby and Fidelity are not affiliates, and no broker-dealer affiliated with Welch Hornsby is involved in the relationship between Welch Hornsby and Fidelity.

Other Custodian Services

When appropriate to the needs of the client, Welch Hornsby may recommend that clients in need of trust and custodial services use National Advisors Trust Company. No referral fees are received for this recommendation. However, clients should be aware that Welch Hornsby has an ownership interest (of less than 1%) in National Advisors Holdings, Inc., the parent company of National Advisors Trust Company but Welch Hornsby does not receive any income from the investment. National Advisors Trust Company only provides trust services upon the recommendations and referrals of clients of the investment advisor/financial planning firms that own shares of National Advisors Holdings, Inc.'s common stock. Accordingly, the purchase of the stock of National Advisors Holdings was solely to gain access to National Advisors Trust Company's trust services for Welch Hornsby's clients.

No client is obligated to use Schwab, Fidelity, nor National Advisors Trust Company.

Item 13 REVIEW OF ACCOUNTS

For those clients to whom Welch Hornsby provides investment advisory services, accounts are reviewed on an ongoing basis by investment personnel and associates. Many factors may be involved in the reviewing of accounts and they may include, but are not limited to asset allocation objectives, cash inflows and outflows, and changes in client stated investment objectives. All clients are advised that it remains their responsibility to advise Welch Hornsby if there are any changes in their investment objectives and/or financial situation. Periodic meetings are held with clients to discuss investment performance, objectives and notable changes in client's financial situation.

Clients that utilize the financial planning services provided by Welch Hornsby can expect to have an annual review of their plans. The plans will be reviewed in the context of each client's goals and objectives. More frequent reviews may be triggered by material changes. Welch Hornsby will provide illustrations and/or written descriptions where it is beneficial or upon a client's request.

Investment manager selection and retention along with general portfolio strategy originates at the Welch Hornsby Research Committee level. Current Research Committee members are: Mark Alan Bishop, CFA, Brian S. Mitchell, CFP, Beau K. Williams, CFA and James W. Underwood, CFA. Recommendations are then made to the Welch Hornsby Investment Committee for their review and approval. The Investment Committee consists of the aforementioned and in addition, Phillip C. Anderson, Robin A. Godwin, Oliver L. Haynes III, Donald F. Lutomski, CFA, John P. Maloney, CFA and Edward V. Welch, Jr.

Welch Hornsby communicates with our clients in several ways. On no less than a quarterly basis we provide clients with either digital or written Portfolio Appraisal and/or Portfolio Detail reports. In addition, we have a website, which can be accessed by going to www.welchhornsby.com where clients may obtain quarterly market overviews as well as periodic topical papers.

Participant Directed Retirement Plan Consulting

Welch Hornsby will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Welch Hornsby will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

Clients will typically receive quarterly reports as contracted for at the inception of the advisory relationship.

Item 14 CLIENT REFERRALS AND OTHER COMPENSATION

Our firm does not pay referral fees to independent persons or firms for introducing clients to us nor does the firm receive any referral fees for introducing individuals to other investment managers.

Welch Hornsby may compensate its employees for obtaining new business. This additional compensation rewards employees for the effort involved in establishing a new client relationship. This compensation does not increase the clients' fees.

It is Welch Hornsby's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 CUSTODY

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that with client written authorization our firm directly debits advisory fees from client accounts, which is deemed to be custody. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Welch Hornsby is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA, authorize us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of rules intended to protect client assets in such situations, which we follow.

The firm is also deemed to have custody in its capacity as Fund's Manager and Investment Manager of the Private Market Funds, which receive an annual audit from an independent accounting firm registered with, and subject to, regular inspection by the Public Company Accounting Oversight Board. Audited financial statements are provided to the limited partners of the funds within 120 days after their respective fiscal year end. As a matter of policy and practice, Welch Hornsby, Inc. does not permit employees or the firm to accept or maintain custody of client assets other than as identified above.

Item 16 INVESTMENT DISCRETION

Clients may hire us to provide discretionary asset management services, in which case we may place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

Occasionally, securities held in the accounts of clients will be the subject of class action lawsuits. Welch Hornsby has retained Chicago Clearing Corporation ("CCC") to assist clients in the recovery of claims from class action securities lawsuits. CCC charges a 20% contingency fee which is deducted from any settlement before proceeds are distributed to clients. CCC files, monitors and expedites the distribution of settlement proceeds in compliance with SEC guidelines on behalf of our clients. Clients are automatically included in this service, but may Opt-Out by providing written notice to Welch Hornsby. If a client Opts-Out, CCC will not monitor class action filings for that client.

Item 18 FINANCIAL INFORMATION

Welch Hornsby has no financial conditions requiring disclosure.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Welch Hornsby has not been the subject of a bankruptcy petition at any time during the past ten years.