

## **BrightFolio**

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This wrap fee program 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 (877) 628-6119. 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 SunTrust Advisory Services, Inc. is also available on the SEC's website at

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Investments and Insurance Products:**

•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") BrightFolio Brochure was December 6, 2019.

Formerly, the BrightFolio Program provided investors with the opportunity to invest for retirement only. The program has been expanded to provide clients with the opportunity to invest in the BrightFolio Program with Major Purchase and General Investing goals as of April 24, 2020.

Additionally, the BrightFolio Program formerly required an initial minimum investment of \$10,000. The minimum investment is now \$5,000, which can consist of one or more accounts of \$3,000 or greater.

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## SERVICES, FEES AND COMPENSATION

SunTrust Advisory Services, Inc. (“STAS”, “Sponsor” or “Investment Manager”) is a separate, wholly owned, non-bank indirect affiliate of Truist Financial Corporation (“TFC”). STAS became an investment adviser under the investment Advisers Act of 1940 (“the Act”), as amended, in April, 2016.

As Sponsor, STAS provides the electronic educational and investment advisory services described below by contracting with affiliated and non-affiliated service providers and as Investment Manager, STAS provides management services to key functions of the services more fully described below.

STAS has contracted with its affiliate, SunTrust Bank, now Truist Bank (“TB”), another wholly owned subsidiary of TFC, to offer the services on an electronic basis through TB’s online banking website (“Site”) and with SunTrust Investment Services, Inc. (“STIS”), another wholly owned subsidiary of TFC, and an SEC registered broker-dealer which provides trade execution services to the BrightFolio Program. STIS is an introducing broker dealer and custody of client assets in STIS accounts is maintained by STIS’s clearing broker, National Financial Services (“NFS”) or one of NFS’s affiliates.

STAS has contracted with FutureAdvisor, Inc. (“FutureAdvisor” or “Sub-Adviser” or “Portfolio Manager”) a registered investment adviser under the Act and a provider of a digital technology and investment advisory platforms to provide Clients with access to FutureAdvisor’s non-discretionary educational service (“BrightFolio Basic Educational Service” or “Service”) and FutureAdvisor’s discretionary investment advisory service which, as described below in more detail, are combined with certain advisory services from STAS (together, “BrightFolio”, “Program” or “BrightFolio Program”). See **Advisory Services – Services Provided by STAS** below. FutureAdvisor, is a wholly-owned subsidiary of Blackrock, Inc. (“BlackRock”) and a registered investment adviser under the Act.

In addition, account aggregation services are provided to the BrightFolio Educational Service and the BrightFolio Program by TB which will aggregate other accounts, including those held at third party financial institutions, included in each Client’s “Client Profile”, and acts as a conduit between the financial institutions and the service where Client account information is stored. Clients must accept and agree to the terms and conditions for account aggregation through the Site.

### Support and Guidance Services

The support and guidance by STAS Advisors and Associates is limited to assisting Clients with certain ministerial aspects of the electronic service including how the service works, tool tip explanations, investment, trading processes and error messages among other items. However, STAS Advisors and Associates do not offer any investment advice related to the Service or the Program.

### BrightFolio Basic Educational Service

The BrightFolio Basic Educational Service is a service that consists of Client education, including hypothetical investment programs related to retirement planning and services and tools generated through FutureAdvisor’s proprietary, automated, computer algorithms (“Algorithm”) which generates projections based and in reliance on the information provided by Clients and target investment portfolios (“Target Portfolios”) constructed based upon guidance provided by STAS’ Investment Advisory Group (“IAG”). Neither STAS nor FutureAdvisor will have any discretionary investment or trading authority with respect to Client’s account under the BrightFolio Basic Educational Service.

Use of the Service is for Client's own individual and personal use, for informational and educational purposes only. The Service is not an investment advisory program or investment advisory service. Use of the Service does not constitute investment advice in any form or any other form of investment recommendation and does not create or establish any investment advisory or any other form of investment relationship between either FutureAdvisor Inc. or STAS and any person using the BrightFolio Basic Educational Service. Clients will be required to agree to FutureAdvisor's Terms of Use for the Service, as may be amended from time to time by FutureAdvisor.

Access to the Service shall cease six months after Client initiates access. The timeframe of continued access to the Service may change at any time and from time to time and with or without advance notice to existing clients as determined by STAS and/or FutureAdvisor in their sole and absolute discretion.

The Service includes a range of financial information, education, sample analysis and hypothetical investment recommendations ("Sample Illustrations") through FutureAdvisor's Algorithm, based upon Target Portfolios constructed by STAS, see **Services Provided by STAS** section below.

In order to use Service, Client must provide and promptly update and maintain complete and accurate information regarding, among other things, age, risk tolerance, investment horizon and other investment holdings. Information provided by users of the BrightFolio Basic Education Service is used by FutureAdvisor to create a "Client Profile" which is used to generate hypothetical portfolios and provide other educational information. Failure to keep the information current may result in Client receiving Sample Illustrations that are no longer aligned with Client's goals and could materially impact the quality and relevance of the Sample Illustrations. Neither SunTrust nor FutureAdvisor will take steps to test or verify the accuracy of any of information Clients provide.

Clients should read STAS' and FutureAdvisor's brochures, STAS' General Terms and Conditions, FutureAdvisor's Terms of Use for Educational Service and Terms of Use for Premium Service in conjunction with BrightFolio-Basic Service thoroughly before accessing and using the Services. Services described herein are offered on an electronic basis on FutureAdvisor's website through the Site and Client will receive all initial and subsequent documents noted above and other periodic communications electronically. Clients that elect not to receive such communication electronically will have their access and services terminated.

Client is fully responsible for determining whether and when to implement the analysis and recommendations made through the Service, and for making their own investment decisions. The Service does not provide comprehensive financial planning and is not intended to constitute investment advisory, legal, other financial or tax advice or any form of investment recommendation. Neither STAS nor FutureAdvisor are responsible for any use Clients make of the Sample Illustrations made through the Service. The Service is only one of many tools that Client may use as part of a comprehensive investment analysis process. Clients should not rely on the Service as the sole basis for their investment decisions.

#### **BrightFolio Program**

The BrightFolio Program is an online electronic investment management service that is maintained through an online portal ("the Site") on which Clients establish a discretionary, automated investment advisory relationship with STAS, as sponsor, and FutureAdvisor, as Portfolio Manager, of the Program. In administering the Program, FutureAdvisor utilizes its proprietary Algorithm to generate projections and make discretionary investment decisions based in part on STAS' capital markets assumptions, risk

categories, asset allocation targets for those categories and purchases eligible investment vehicles for each asset class provided by STAS based on the financial data and goals provided by Clients.

When initiating a BrightFolio Program account, Clients may select one of the following goals for their account: Retirement, Major Purchase or General Investing. While Client may open multiple BrightFolio accounts, each account may have only a single selected goal. Please review the information below for important details concerning the methodology for investment management of each type of goal.

The BrightFolio Program is intended to assist a Client in reaching their individually selected goal and is not a comprehensive financial planning service. While STAS has designed the BrightFolio Program to be broadly applicable to many Clients, the BrightFolio Program is not appropriate for all Clients. Potential Clients should carefully review the **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS** Section of this brochure below before deciding to invest in a BrightFolio Program account. Clients must use an electronic online or web or mobile application to access the BrightFolio Program and determine whether the BrightFolio Program is appropriate for them. Clients complete their Client Profile online and are responsible for carefully considering whether their participation in the BrightFolio Program is appropriate for their investment needs and goals prior to enrollment. Clients should periodically review their existing Client Profile and update it when their goals, risk tolerance or other aspects of their financial situation change.

Investment in the BrightFolio Program requires that Client separately maintain or open an underlying Brokerage Account ("Brokerage Account") with STIS, an affiliated broker-dealer and insurance agency, which is governed by an 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. ("NFS") and its affiliate, Fidelity Management Trust Company, if client's account is a qualified retirement account, 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 and/or its affiliates which creates a conflict of interest. See **CONFLICTS OF INTEREST –Use of Affiliated Broker Dealer Section below**.

In offering the Program, Clients develop a personal profile by responding to a questionnaire in the online system that identifies the Client's investment goals, risk tolerance, time horizon, financial situation, reasonable investment restrictions and other factors that influence the investment approach. The Program produces an investment proposal for the Client. The investment proposal includes an asset allocation strategy based on the Client's responses to the questions posed in the questionnaire. The Program then selects the appropriate Target Portfolio based on this recommendation.

Based on the Client's assigned Target Portfolio, the Portfolio Manager's Algorithm personalizes investment recommendations for each Client to seek to maximize tax efficiency, minimize transaction costs and maximize diversification. Using the Algorithm, FutureAdvisor electronically provides regular, ongoing investment management of the investment assets in BrightFolio accounts, monitors client portfolios and generates orders that are routed to NFS for execution, including rebalancing orders, as dictated by the Algorithm. The Target Portfolios are based on efficient frontier analysis using asset allocation models developed by STAS.

In Client accounts with Retirement and/or Major Purchase as the selected goal, in addition to its Algorithm and the STAS Target Portfolios, FutureAdvisor utilizes a “Glide Path” methodology which decreases a Client’s portfolio allocation to equities and increases the allocation to fixed income investments over time as retirement or other financial goals near. A Client’s risk preferences determine which Glide Path is selected. Glide Paths are not used for accounts for which the Client selects “General Investing” as the goal; these accounts follow a static STAS Strategic Portfolio which may change from time to time in the sole discretion of STAS.

#### Eligible Investment Vehicles

Eligible investment vehicles for purchase are limited to Exchange Traded Funds (ETFs) and a core sweep vehicle (described below). ETFs selected by STAS for inclusion in the Program may be managed, created or sponsored by an affiliate of FutureAdvisor as more fully described in FutureAdvisor’s BrightFolio Program brochure. See FutureAdvisor ADV Part 2A.

#### BrightFolio Program Account Funding with Existing Investment Positions

Clients that open a BrightFolio program account by transferring existing investments from STIS/STAS or another firm will have those investments liquidated unless they have affirmatively elected to maintain a limited percentage of existing assets as permitted by the terms of the BrightFolio Program. See **ADVISORY SERVICES-BrightFolio Program – Client Directed Positions** below for details. In addition, the FutureAdvisor Algorithm performs an analysis on any mutual funds, ETFs and/or equity securities contributed to the BrightFolio Program in kind and, based on internal and external costs such as internal advisory fees of mutual funds and ETFs, trading costs associated with liquidations and potential tax implications, may result in the retention of some or all of the Client’s existing shares of any such mutual fund, ETF and/or equity securities positions (“Transferred Securities”). Clients should be aware and understand that if FutureAdvisor determines to liquidate any existing mutual fund investments, any applicable contingent deferred sales charges will be incurred when such shares are sold. Fixed income securities cannot be transferred into a BrightFolio program account. Certain assets are ineligible for transfer (ACAT) into an account, such as limited partnerships, non-traded real estate investment trusts, etc.

For mutual funds transferred into and subsequently held in BrightFolio accounts, an advisory share class is generally used if available. In certain circumstances, a different mutual fund share class may be utilized if no equivalent advisory share class is available. Periodically, STAS will review account mutual fund positions and convert existing mutual fund shares to advisory class shares, when available, without further notification to Clients.

**Neither STAS nor FutureAdvisor provide advice or recommendations related to rollovers from qualified plans. Client should refer to FutureAdvisor’s ADV brochure and review the factors to consider in making a rollover decision.**

**In the case of taxable (non-IRA) BrightFolio Program accounts, the sale of Transferred Securities will result in the realization of taxable income in the case of appreciated Transferred Securities and losses in the case of depreciated Transferred Securities. Accordingly, Clients should consult with their tax advisers prior to funding a taxable BrightFolio Program Account with Transferred Securities.**

Except in the case of an unauthorized sale of Client Directed Positions, STAS and FutureAdvisor shall not be liable for any taxes or other expenses incurred in connection with the sale of any Transferred Securities used to fund a BrightFolio Program Account.

As the Investment Manager responsible for the creation and maintenance of the Target Portfolios, STAS has investment discretion related to the capital markets assumptions, risk categories, asset allocation targets for those categories and eligible investment vehicles for purchase for each asset class and the replacement, reduction or elimination of any investment vehicle in the accounts.

STAS' Automated Investing Group conducts ongoing due diligence on FutureAdvisor and the IAG performs ongoing due diligence on eligible investment vehicles for purchase in the Program.

Clients opening a BrightFolio account also enroll in STIS' sweep program, which automatically sweeps un-invested cash balances in Client's Brokerage Account into the SunTrust Bank, now Truist Bank, Sweep Deposit Option, See **Core Sweep Account** section below. The requirement to utilize Truist Bank's Sweep Deposit Option as the Core Account Sweep Vehicle is a benefit to STAS and/or its affiliates which creates a conflict of interest. See **CONFLICTS OF INTEREST – SunTrust Bank, Now Truist Bank, Sweep Deposit Option** Section below.

During the online application process, Clients agree that records and disclosures for the BrightFolio Program will be delivered, and agreements will be signed, electronically. This is a requirement both now and in the future. This includes the disclosure brochures and other documents relating to Clients' accounts. STAS sends BrightFolio Clients periodic e-mails containing market commentary, alerts, evaluations, and other relevant content. Clients can opt out of the weekly commentary, sales and reengagement and personalized guidance e-mails. Once a BrightFolio account is opened Clients may not opt out of the standard transaction e-mails that notify them of events like rebalancing, investment of cash or the annual review. If clients refuse to accept electronic delivery of these materials or are otherwise unable to or become unable to receive such materials, STAS will terminate Client's BrightFolio account. Clients must maintain an accurate and up-to-date e-mail address with STAS to ensure that the Client has the ability to read, download, print and retain documents received from STAS and FutureAdvisor. If a Client is unable or unwilling to accept electronic delivery the Client's BrightFolio Program account will be terminated, and the Client will be required to transfer the Client's account assets to another account at STAS or an account at another custodian.

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

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

Total STAS AMC Program Assets Under Management as of December 31, 2019

Discretionary	\$ 18,662,174,723
Non-Discretionary	\$ 6,239,649,187



## FEES

### BrightFolio - Basic Educational Service

The BrightFolio Basic Educational Service is provided free of charge.

### BrightFolio Program

BrightFolio Program accounts are charged an asset-based advisory fee (the "Advisory Fee") that includes STAS' and FutureAdvisor's ongoing client advice and the execution, clearing and custodial services of NFS except those charges that, as described in the **Other Fees and Charges** section below, will be paid by the Client. The annual Advisory Fee is 0.50% of the market value of the Client's assets calculated on the last billing day of the previous quarter. There is a minimum fee ("Minimum Fee") of \$90 per account. The Advisory Fee and Minimum Fee are not negotiable and investment balances not aggregated for fee purposes.

#### Examples of the Fee Calculation:

A BrightFolio relationship of \$100,000 consisting of three accounts of \$30,000 (individual taxable), \$20,000 (traditional IRA) and \$50,000 (joint taxable) would have an Advisory Fee of 0.50% which equates to an effective annual fee of \$500 in aggregate and \$150, \$100.00 and \$250 respectively.

Multiple small balance accounts will result in significantly higher fees due to the application of the Minimum Fee. A BrightFolio relationship of \$10,000 consisting of three accounts of \$3,000 (individual taxable), \$3,000 (traditional IRA) and \$4,000 (joint taxable) would have an Advisory Fee of 2.70% which equates to an effective annual fee of \$270 in aggregate and \$90, \$90 and \$90 respectively.

Advisory Fees are charged quarterly, in advance based on assets under management for an account, unless a minimum fee applies. Advisory Fees are pro-rated for accounts that are opened or closed during the quarter.

The initial Advisory Fee is billed approximately a month after the account is opened, 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 funded and trades are initiated. Thereafter, Advisory 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 \$3,000 or more in an account after the inception of a calendar quarter, the Advisory Fee for that quarter will be recalculated and pro-rated as of the day of the additional investment or withdrawal.

Accounts opened and not fully funded where the initial account balance is below \$5,000 will, in the sole discretion of STAS, be terminated. Terminated IRA accounts must be transferred to a self-directed STIS brokerage account or transferred to another institution. Assets and/or funds from other account types will be returned to the Client or their custodian firm. Accounts that are opened and partially funded where the account balance is \$5,000 or more will, at the sole discretion of STAS, be activated for trading to begin.

NFS will automatically deduct any Advisory Fee due and payable from Client's BrightFolio Program account on each payment date. This is the only method of billing available and Client may not select another billing method. As described more fully in the BrightFolio Program Terms and Conditions, STAS has the authority to place trades in the Client's Brokerage Account in order to make cash available for Advisory Fee payment without notification to Client. The obligation to pay Advisory Fees may limit

Client's ability to sell or otherwise liquidate securities in or to withdraw cash or securities from Client's BrightFolio Program account.

STAS retains the right to waive or increase or decrease the minimum investment or fee amounts for the Program upon written notice to affected Clients.

The assets in other STAS AMC programs will not be considered for fee discounts and the fees for the other AMC programs will not be impacted by assets held in BrightFolio accounts.

**Wash Sales:** Clients with accounts in other STAS investment advisory program accounts with different investment managers may experience a sale of a security in one program account by the investment manager while purchasing the same security within another program account managed by a different investment manager in a relatively short amount of time. None of STAS, FutureAdvisor, Envestnet Asset Management, Inc. (platform manager of STAS AMC programs), or any investment manager of other STAS investment advisory program account coordinate trades to avoid possible wash sale transactions in connection with the management of a BrightFolio Program account.

## **OTHER COMPENSATION**

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 BrightFolio accounts described in this brochure. STAS or one or more of their affiliates incurs additional expenses as the amount of trading in the BrightFolio 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 BrightFolio Program accounts 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**.

STAS and/or its affiliates may earn greater compensation if you invest in BrightFolio than if you open a brokerage account to buy individual securities. Therefore, if greater compensation is expected to be received from a BrightFolio account than from a brokerage relationship, STAS and/or its affiliates has a financial incentive to offer a client the BrightFolio Program rather than an individual brokerage account relationship. See **CONFLICTS OF INTEREST – Advisory vs Brokerage Account Section below**.

Pursuant to an agreement between STAS and FutureAdvisor, STAS pays a portion of the BrightFolio Advisory Fee to FutureAdvisor in the amount of nine basis points annually, paid quarterly. In addition, STAS pays FutureAdvisor certain development costs, other licensing and platform fees.

In addition, STAS reimburses TB for data aggregation services associated with the BrightFolio Basic Educational Service and BrightFolio Program.

### Termination of BrightFolio Advisory Relationship

Upon termination of a BrightFolio relationship, Clients will be given the opportunity to open an unmanaged STIS brokerage account and transfer assets into this account or to instead transfer their investments and cash balances to another firm. Alternatively, Clients may request that their BrightFolio positions be liquidated and the funds disbursed as directed by the Client.

### Valuation

For purposes of the computation of the value of any securities or other investments in a BrightFolio 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.

### 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 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 BrightFolio account invested in those funds will indirectly bear a portion of those expenses. Detailed information concerning the internal operating expenses of each mutual fund and closed-end fund are more fully described in the Prospectus and Statement of Additional Information associated with each fund. Each of the fees discussed above is in addition to the Advisory Fee.

Positions of mutual funds and/or ETF funds are subject to advisory, distribution, early redemption or other fees. When these positions are transferred to STIS, money market funds, other mutual funds, including ETFs or the advisers or principal underwriters of the funds, may make payments to STIS, an affiliated company of STAS, 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 as well as any other fees received by STIS for the distribution, shareholder services, recordkeeping or administrative services received during the period an account is managed under an STAS investment management agreement. The Rule 12b-1 distribution plan and other fee arrangements are typically disclosed in the applicable fund's prospectus or statement of additional information.

STAS uses its reasonable best efforts to purchase lower cost ETFs or institutional class shares, if available on the STIS platform.

Each of the fees discussed above is in addition to the Advisory Fee.

STAS and its affiliates may have a variety of banking, financial or service relationships with ETFs participating in the Program and/or other service providers and their affiliates. Such relationships may involve a receipt of compensation or other benefits by STAS and its affiliates. See **CONFLICTS OF INTEREST – Business Conflicts** Section below.

#### Account Transfer to Another Firm

If a Client elects to transfer their account to another firm through an ACAT process, the existing BrightFolio Program investment advisory relationship will terminate. Any fees, commissions or other charges related to the liquidation of the account assets will be charged to the account prior to transfer.

#### **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

The BrightFolio program relationship minimum assets under management is \$5,000 which can consist of one or more accounts of \$3,000 or greater. Clients contemplating low balance investments in the Program and/or investments in multiple low balance BrightFolio Program accounts should carefully consider the BrightFolio Program's minimum per account fee discussed above in determining whether to invest in the BrightFolio Program. See **FEES** Section above. If the BrightFolio Program relationship falls below the minimum amount, STAS may terminate the advisory relationship in its sole discretion.

The Program is only available to banking clients of Truist Bank who have access to on-line banking or mobile banking access associated with TB's predecessor, SunTrust Bank.. Certain Client bank information will pre-populate the questions presented in the online enrollment process.

While STAS has designed the Program to be broadly applicable to many Clients, it may not be appropriate for certain Clients that:

- are already in retirement and drawing down savings;
- have specific investment restrictions (see **ADVISORY SERVICES – BrightFolio Program – Account Restrictions** below for details);
- desire more frequent account reviews for trading opportunities;
- have a very short (less than five years) investment horizon, a significantly high tolerance for market risk, or a desire to invest significantly in alternative asset classes;
- desire a broad financial planning and investment relationship;
- do not wish to delegate investment management to an automated algorithmic manager;
- wish to work directly with an individual portfolio manager;
- have especially complex investment objectives and needs as Client's current investments consist of illiquid securities, annuities, and/or extremely low basis securities; and/or
- have limited or no access to the internet and other necessary technology because the Program is an online advisory service.

If the Program is inappropriate or if a Client prefers a non-automated, non-algorithmic advisory service featuring a one-on-one relationship with a STAS Advisor and greater ability to control and direct the investment of Client's assets, Client should consider the other advisory services and programs offered by STAS. More information about each of the STAS services and programs is provided in their respective brochures that can be attained by calling the number on the front of this brochure. In addition, Clients should consider a standalone STIS brokerage account, in which Clients pay commissions per trade.

Should a Client determine that the Program is appropriate notwithstanding the above considerations, Client must keep in mind that the BrightFolio Program is structured to assist a Client in reaching their selected account goal(s) and is meant to be a component of their overall investment strategy and not the sole investment strategy. The Program's projections and decisions are limited in scope to the questions asked and information provided by the Client through the creation of the Client Profile when a Client opens a BrightFolio investment advisory account.

As the Program does not provide comprehensive financial planning, there may be additional relevant information or other financial circumstances that the Program does not consider (e.g., Client's debt load or other ongoing financial obligations, extraordinary expenses such as college tuition, personal or family medical expenses, etc.) that could impact Client's financial situation and therefore make the Program unsuitable. Clients are urged to carefully consider the Program's costs, benefits and risk and other information below before opening a BrightFolio investment advisory account and beginning to invest.

Generally, the Program is generally designed to address individuals' goals with a minimum time horizon of five years for retirement goals, STAS reserves the right to accept, reject or renew any Client for the Program.

STAS programs and services, including the BrightFolio Program, are not guaranteed by Truist Bank, any other bank, or any subsidiary of Truist Financial Corporation. Investment vehicles in the Program are not insured by the Federal Deposit Insurance Corporation ("FDIC"), other than the Truist Bank, Sweep Deposit Option, which in turn is subject to FDIC insurance limits.

Allowed accounts types are limited to:

- Individual, joint with rights of survivorship and IRAs (Traditional and Roth) for accounts with Retirement and General Investing goals; and
- Individual and joint taxable for accounts with Major Purchase goals.

Program Clients must be permanent legal residents of the United States. Clients are not required to have a preexisting relationship with STAS; however, Clients must have an existing online banking relationship associated with TB's predecessor, SunTrust Bank, in order to access the BrightFolio Program Site and to participate in the BrightFolio Program. All Program accounts must be opened and maintained electronically.

### **Class Action Suits**

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, FutureAdvisor and NFS are not responsible for submitting class action documents of behalf of client.

### **PORTFOLIO MANAGER SELECTION AND EVALUATION**

STAS has designated FutureAdvisor as Program's Portfolio Manager, who has developed and provides the Algorithm that generates the Program's financial, and/or retirement projections and investment decisions, which it implements on Client's behalf. FutureAdvisor also serves as the Program's technology service provider and maintains the proprietary platform on which the Program operates.

STAS' Automated Investing Group conducts initial and ongoing due diligence with respect to FutureAdvisor. STAS' IAG identifies and conducts initial and ongoing investment due diligence with respect to the ETFs and their managers purchased in the Program. A representative from IAG presents reports at the monthly STAS IAG Working Group meeting related to managers and the investment vehicle changes made by IAG.

IAG also creates and maintains the underlying strategic asset allocation models upon which the Target Portfolios are based. A representative from IAG periodically presents new or modified strategic asset allocation models to the IAG Working Group for review following implementation. While the Target Portfolios are based upon IAG's asset allocations, adjustments may be made in order to fit within the parameters of the FutureAdvisor Algorithm. These adjustments are made by a member of the Automated Investing Group; see the Brochure Supplement attached to this document for additional information concerning the Automated Investing Group team member.

The Portfolio Manager provides Clients with information by which Clients can track progress to goal and investment activity in their client dashboard available through the Site. STAS believes this information is reliable; however, STAS does not independently verify the accuracy of any information in the client dashboard.

The IAG Working Group of STAS oversees this Program and reviews the performance information and due diligence and other information provided by IAG and the Automated Investing Group.

Clients can obtain similar digital, goal-based investment advisory services directly from FutureAdvisor at a lower cost. However FutureAdvisor's direct services are not identical to the BrightFolio Program. For example, FutureAdvisor's direct-to-client services may review portfolios more frequently, may rely on different investment services than the Program, and may require clients to use unaffiliated third parties to provide custody of advisory account assets. The fees and expenses Client pays, along with other terms and conditions applicable to Client's Program account, may also differ materially between FutureAdvisor's direct-to-client advisory services and the Program. In particular, FutureAdvisor's direct-to-client advisory services may not be offered for an all-inclusive fee. As a result, the investment performance of those direct-to-client services may differ, potentially materially, from the Program. Additional information about FutureAdvisor's advisory services is available on its website, <https://www.futureadvisor.com>, and on the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **CONFLICTS OF INTEREST**

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

Securities in Truist Financial Corporation. STAS has identified securities of Truist Financial Corporation or any of their affiliates, (excluding Sterling Capital Management Mutual Funds "Sterling Funds" see directly below for details), as a conflict of interest. STAS addresses this conflict of interest by disclosing it to its Clients and by prohibiting purchases of such securities and by prohibiting such assets from transferring into BrightFolio accounts.

Sterling Capital Management LLC – Sterling Capital Funds. In the case of securities transferred into BrightFolio accounts, STAS has identified investments in Sterling Funds as presenting a conflict of interest in that Sterling Capital Management LLC receives investment management and other fees that are separate and distinct from the Program Fee described in this brochure. STAS addresses this conflict of interest by disclosing it to its clients and by prohibiting purchases of such mutual funds and by prohibiting such assets from being contributed in kind to BrightFolio Program accounts.

Truist Financial Corporation Merger. As a result of the merger between SunTrust Banks, Inc. and BB&T Corporation STAS is now an affiliate of broker dealer and registered investment advisors formerly affiliated with BB&T Corporation ("BB&T Affiliates"). STAS' programs, investment vehicles, fees and Advisor compensation differ from investment programs offered by the BB&T Affiliates. Clients with

assets in multiple advisory programs across STAS and the BB&T Affiliates may be charged higher or lower rates for similar services or offered different services and products. These investment platform inconsistencies present a conflict of interest because STAS and its affiliates may earn higher compensation on one platform than another available investment option on another platform. 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.

Advisory vs. Brokerage Accounts. Depending upon the level of a client's investment activity and corresponding brokerage commissions STAS and/or its affiliates may earn greater compensation from the BrightFolio Program than if the Client instead elected to open a brokerage relationship and purchased individual securities. If anticipated brokerage compensation is less than the Program Fee, STAS will have a financial incentive when a client elects the BrightFolio Program instead of a brokerage relationship. 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.

Use of Affiliated Broker Dealer. STAS requires all clients participating in the BrightFolio Program to maintain their Program account 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, provides benefits to STAS in reducing the cost of administering the Program. STAS addresses this conflict of interest by disclosing it to its clients and monitoring STIS for best execution practices through its Product Working Group of its Policy Committee for conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Clients do not have the option to participate in the BrightFolio Program through other broker-dealers or agents that are not affiliated with STAS.

Active Trading. As described above in the **COMPENSATION** section, Clients are not charged a separate commission or other transaction charge for trades executed through STIS via NFS. STAS or one or more of their affiliates will incur additional expenses as the amount of trading in the BrightFolio Program 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 BrightFolio Program. STAS addresses this conflict of interest by disclosing it to its Clients and delegating trading decisions to FutureAdvisor and its Algorithm and by supervising the activities and recommendations made by IAG with supervisory review by its IAG Working Group which is part of the Product Working Group for conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Truist Bank Sweep Deposit Option. STAS has a conflict of interest in requiring use of the Truist Bank Sweep Deposit Option available to Client's Brokerage Account as the core sweep investment vehicle for BrightFolio Program Accounts because Truist Bank, its affiliate, receives interest spread compensation with respect to all of its deposits. In setting and changing rates paid on this sweep vehicle Truist Bank acts in its own interest and has incentives to pay the lowest possible rate. STIS also receives compensation from Truist Bank in connection with accounts invested the SunTrust, now Truist, Bank Sweep Deposit Option. STAS addresses this conflict of interest by disclosing it to its Clients along with the other Terms and Conditions of the BrightFolio Program. See also **Core Account**, Section below.

Business Conflicts. STAS and its affiliates, including Truist Bank, do business with the investment firms that provide the exchange traded funds utilized in this Program and covered by STAS Investment Advisory Group and included in Sample Recommendation. Furthermore, Truist Bank and its affiliates and client accounts, may hold a trading position (long or short) in the funds. Therefore, STAS and Truist Bank have a conflict of interest that could affect the objectivity of inclusion of these ETFs in the BrightFolio Program. STAS manages this conflict of interest by disclosing it to its clients and by conducting its investment advisory business in accordance with its fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Educational Conferences by Investment Managers. Managers and issuers of exchange traded funds purchased 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. Investment managers may sponsor educational meetings or seminars in which clients as well as Advisors are invited to participate. STAS manages this conflict of interest by disclosing it to its clients and by conducting its investment advisory business in accordance with its fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Different Advice. Although STAS' IAG provides investment advice on affiliated firm's platforms (STAS, GFOAS, and Truist Bank) and also provides research and asset allocation recommendations similar to that which is relied upon in the Program, Truist Bank and Advisors of STAS Advisor Managed Programs 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 BrightFolio Program accounts. STAS addresses this conflict of interest by disclosing it to its clients and by simultaneously (or as closely as possible) sharing changes to its research, models and other investment research among all its clients in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Capital Market Assumptions, Asset Allocation Ranges and Benchmarks by IAG do not match Sterling Capital Management LLC's. STAS has identified a conflict of interest related to differences in the capital market assumptions, asset allocation ranges and benchmarks used to manage assets across the enterprise. STAS addresses this conflict of interest by disclosing it to its clients.

Services Provided to Other Clients. STAS and its affiliates and FutureAdvisor 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 FutureAdvisor 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 FutureAdvisor, 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, FutureAdvisor and their affiliates may also develop analyses and/or evaluations of securities sold, as well as buy and sell interests in securities on behalf of their proprietary or 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, FutureAdvisor 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 Federal and state securities laws, STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

Non-public Information. In the course of commercial and investment banking or other activities, STAS, FutureAdvisor and Truist Bank 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, FutureAdvisor, 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 business, including their activities with regard to any client account. These restrictions 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 Federal and state securities laws, 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 STAS and its affiliates may offer to the public other investment products such as ETFs and mutual funds with similar investment styles and holdings as those investment products offered through the BrightFolio Program. Such products may be offered at differing fees and charges that may be higher or lower than the fees imposed by STAS under BrightFolio. 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. FutureAdvisor does not direct block trades to STIS. All trades are placed with STIS' clearing firm, NFS.

Trade Rotation. FutureAdvisor's trading process seeks to route trades fairly among Clients and FutureAdvisor's other clients over time through industry standard methods such as randomization or rotation to reasonably assure that no client or set of clients is continually favored or disadvantaged.

STAS Chief Investment Officer and Other STAS Personnel. The STAS Chief Investment Officer is responsible for and supervises IAG and is also the Chief Investment Officer and member of the board of an affiliated investment adviser, GFO Advisory Services, LLC as well as serving as Chief Investment Officer of Truist Banks, Private Wealth Management segment. IAG provides significant investment services to STAS and Truist Bank; however, the services provided to GFOAS are substantially different than those provided to either STAS or Truist Bank. STAS addresses this conflict of interest by disclosing it to its clients and by simultaneously (or as closely as possible) sharing changes to its research, models and other investment research among all its clients in conformity with STAS' fiduciary duties to clients as codified in the Advisers Act, regulations thereunder and in its Code of Ethics.

## **ADVISORY SERVICES**

STAS is a separate, wholly owned, non-bank indirect affiliate of Truist Financial Corporation. STAS became an investment adviser under the Investment Advisers Act of 1940, as amended in April, 2016 ("Act").

### **BrightFolio – Basic Educational Service**

The BrightFolio Basic Educational Service is educational in nature and does not include any investment management or investment advisory services from either FutureAdvisor or STAS.

### **BrightFolio Program**

The Program is an online discretionary investment management service in which FutureAdvisor has the discretionary authority to manage assets in accounts based on target portfolios created by STAS. FutureAdvisor utilizes a computer Algorithm in connection with the management of each BrightFolio Program Account.

Eligible investment vehicles for purchases are limited to Exchange Traded Funds and the SunTrust Sweep Deposit Option which is used as a sweep vehicle.

### **Client Directed Positions**

In addition to the eligible investment vehicles purchased in BrightFolio Program accounts, Clients may direct us to hold existing individual equity securities ("Client Directed Positions") in a Program account. Fixed income securities and Sterling Funds, however, cannot be held in any BrightFolio Program Account. Client Directed Positions will be assessed the Advisory Fee; however, neither STAS nor FutureAdvisor will conduct any due diligence/research or give any advice to Client related to these positions and Client Direct Positions can result in conflicts of interest, see **Conflicts of Interest – Business Conflicts**, Section above:

- Under the terms of the BrightFolio Program, the total value of all Client Directed Positions in a Client's BrightFolio program account(s) associated with a specific goal is limited to 10% of the total market value of the funding balance. Where there are multiple Client Directed Positions, the securities in aggregate must not exceed 10% of the market value of the accounts associated with a specific goal; and
- Should the value of the Client Directed Positions increase above the initial 10% level, neither the Algorithm nor STAS will reduce the position(s) back to the 10% level automatically, rather STAS will reach out the Client to obtain authorization to reduce the positions(s) back to the 10% level or pursue another acceptable method of resolution (e.g. adding funds to the account).

In addition, Client Directed Positions have the following impacts on a Client's BrightFolio program account:

- Client Directed Positions will be assessed the Advisory Fee; however, neither STAS nor FutureAdvisor will conduct any due diligence/research or give any advice to Client related to these positions;
- The generated projections based on the Target Portfolio of ETFs will be adversely impacted and may be inaccurate and result in a failure to meet Client's stated goal; and
- Client Directed Positions that increase above the 10% level can have an adverse effect on the Target Portfolio allocations.

### Transferred Securities

In addition to the investment vehicles mentioned above, Client accounts funded with securities from another account may hold existing mutual funds, ETFs and individual equity securities in a Program account. FutureAdvisor's Algorithm performs an analysis on any mutual funds, ETFs and/or equity securities contributed to a BrightFolio Program Account in kind and, based on internal and external costs such as internal advisory fees of mutual funds and ETFs, trading costs associated with liquidations and potential tax implications, may result in the retention of some or all of the shares of the mutual fund, ETF and/or equity securities ("Transferred Securities").

- Transferred Securities of mutual fund or ETF positions into an account from another broker-dealer will reflect STIS as the broker-dealer and as such, STIS may receive payments from the mutual fund and/or ETF or their investment manager or distributor. See **Other Fees or Charges** section above; and
- Any mutual funds or ETFs advised or sub-advised by BlackRock Fund Advisors present a potential conflict of interest due to the fact that BlackRock Fund Advisors is an affiliate of FutureAdvisor. Clients who have these funds should carefully review FutureAdvisor's brochure.

### Mutual Fund Share Class

Mutual funds and ETFs transferred in kind to a Program Account may not be the lowest cost share class available to Clients enrolled in the BrightFolio Program. STAS and/or FutureAdvisor may, at their discretion, exchange mutual funds held in a Client's BrightFolio Program Account for lower cost shares of the same mutual fund if a lower cost share class is contractually available to BrightFolio Program accounts without prior notice to affected Clients.

### Services Provided by STAS

Services provided by STAS as Sponsor of the Service and as Sponsor and Investment Manager of the Program include:

#### STAS Model Manager Services

STAS' Investment Advisory Group designs and monitors on a continuous basis, model portfolios and asset allocations meeting the investment objectives provided by STAS, on which the Target Portfolios described in this brochure are based. These services are available to STAS affiliates, including STAS Advisors for use in managing their client assets. STAS has entered into agreements with Truist Bank related to these services. See **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS** Section below.

#### Research and Other Advisory Services

STAS' IAG provides investment recommendations for each Target Portfolio or asset allocation model; initial and ongoing due diligence with respect to ETF investment managers and mutual fund and ETF investments for other STAS programs and to its affiliates, including those related to the services provided in this brochure.

In addition, IAG provides report updates and alerts related to its due diligence; creates or negotiates with third parties related to advertising, marketing and research materials, monitors and updates as needed the capital market assumptions and consultative services with respect to all of its advisory programs and clients, including Truist Bank on a regular or as needed basis.

Several STAS IAG associates serve on GFO Advisory Services, LLC's ("GFOAS") Oversight Committee. GFOAS is an affiliate of STAS and a SEC registered investment adviser. In such

circumstances, such STAS IAG associates are acting solely in their capacities as representatives of GFOAS. A conflict of interest exists with respect to associates having simultaneous fiduciary duties to other firms. See **Conflict of Interest – STAS Chief Investment Officer and Other STAS Personnel** above for details.

#### Capital Market Assumptions

STAS' IAG designs, monitors and updates as needed on a continuous basis, the capital market assumptions used by STAS and Truist Bank.

See **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS Section** below regarding agreements STAS has with Truist Bank and STIS related to Research and Other Advisory Services.

#### Account Restrictions

The BrightFolio Program (i) allows clients to maintain up to 10% in Client Directed Positions (see **ADVISORY SERVICES – BrightFolio Program – Client Directed Positions** above), (ii) permits clients to contribute Transferred Securities which may be retained or sold at the discretion of FutureAdvisor (as described above), and (iii) provides that with respect to the balance of a Client's BrightFolio Account, that the only eligible investment vehicles purchased in the Program are preselected ETFs and the SunTrust, now Truist, Bank Sweep Deposit Option. Due to the automated nature of the Algorithm which FutureAdvisor uses to manage each BrightFolio Account, BrightFolio Clients cannot place any additional restrictions on the investments in their BrightFolio Account and cannot specify particular securities or types of ETFs that should not be purchased. Should a client desire to place other investment restrictions (ex – desire to not invest in certain industries), such restrictions will not be considered reasonable or otherwise appropriate for this Program. STAS offers other investment advisory programs that may be able to accommodate unique client restrictions.

#### Other

STAS does not have any soft-dollar arrangements.

#### STAS' Portfolio Management

STAS is also a Sponsor and/or Investment Manager to other wrap fee programs not included in this brochure. Those other programs are not delivered electronically and they provide a different level of advice and service than those services described in this brochure. The firm receives a portion of the wrap fee for these other programs.

#### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

STAS' IAG maintains strategic asset allocation and investment product recommendations for the Program and utilizes various research providers related to the market and investment vehicles.

Information Sources: The main information sources for market statistics, financial, and other performance data on which the Program relies are third party data vendors. STAS pays these vendors access fees for their data services. The Program also relies significantly on the information provided by Client by means of the Client's Client Profile. If any of the information listed above is erroneous or disrupted in any way, Client's BrightFolio Program account may experience losses.

Reliance on Client Information: Client is responsible for providing true, accurate, and complete information to STAS and to promptly notify STAS through the online Dashboard whenever there are changes to this information that could affect the Portfolio Manager's projections or decisions, our ability

to communicate with Client, or other personalized aspects of the Program. Such changes may include the addition of a new investment account, a life-change event that affects a Client's investment horizon, or a change to Client's e-mail address. If a Client does not supply truthful, timely and accurate information, the quality and applicability of Portfolio Manager's goal projections and investment decisions may be compromised, which may prevent the Program from helping the Client achieve their financial and/or retirement goals. In addition, the Program does not consider in its analysis accounts and assets that Clients do not aggregate or input into a Client's Client Profile. In any or all of these circumstances when information provided by the Client to the Program is incomplete or inaccurate, Client's BrightFolio Program account may experience losses.

Risk of Reliance on Third Party Data: The Service and Program are highly reliant on data from third party and other external sources, and discretion will be exercised to determine what data to gather, which may have an impact on the Service's and Program's projections and decisions. In addition, due to the automated nature of data gathering and the fact that much of this data comes from third party sources, not all desired and/or relevant data will be available to, or processed by, the services at all times. Certain data or data types may not be utilized in generating or making goal projections and/or investment decisions, and data that is actually utilized may not be the most accurate data and may contain errors. In any or all of these instances, Client's BrightFolio Program account may experience losses.

Risk of Third Party Reliance: STAS relies on third parties to provide significant and fundamental aspects of BrightFolio, including the Algorithm and the resulting financial and/or retirement projections, investment decisions, and operating platform. STAS and FutureAdvisor rely on third parties for provision of market statistics, aggregated account information, fund details, and other performance-related information. Although STAS and FutureAdvisor, as applicable, generally consider their third party vendors and other service providers to be reliable, errors beyond STAS' control or FutureAdvisor's control could compromise the information and/or services they provide, and in turn, the quality and integrity of BrightFolio's projections and decisions. In addition, certain service providers have the right to terminate their agreements with STAS at their absolute discretion. Others service providers may experience operational disruptions due to unforeseen circumstances. In any or all of these instances, Client's BrightFolio account may experience losses.

Risks of Monte Carlo Simulation: The Service and Program utilize a Monte Carlo simulation to generate financial and/or retirement goal projection forecasts. A Monte Carlo simulation is a statistical modeling technique that charts the probability of discrete financial outcomes at certain times in the future. The outcomes presented using a Monte Carlo simulation represent only a few of the many possible outcomes, will vary over time, and are not guarantees of investment returns. Moreover, since past investment performance and general market conditions may not necessarily be repeated in the future, a Client's financial and/or retirement goals may not be fulfilled by relying on investment decisions that are based on Monte Carlo simulation results. Differences in account size, age, risk tolerance, transaction timing, and prevailing market conditions at the time of investment may also lead to different results, and Client may lose money.

Risks of the Algorithm: The Service and BrightFolio Program depend on investment decisions generated significantly by the Portfolio Manager's Algorithm. The Algorithm is automated and will only be customized within its limitations, which include the capital markets assumptions, risk categories, asset allocation targets for those categories, Target Portfolios and eligible investment vehicles for each asset class that STAS provides and the information Client supplies in their Client Profile. If the Algorithm were

to malfunction or fail, or were to rely on assumptions, including economic and transaction cost assumptions, that are incorrect, that do not apply to Client's specific financial situation, or that do not change even as market expectations shift, Client could sustain investment losses, some or all of which could be significant. Additionally, the Algorithm employs a number of quantitative models that involve assumptions based upon a limited number of variables that may be extracted from complex financial markets or instruments that they are intended to replicate. The Algorithm may rebalance client accounts without regard to market conditions, or on a more frequent basis than might be expected in the case of a non-automated investment. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect, which could cause Client to sustain investment losses.

Model Risk: Models and techniques deployed by the Service and the Program are based on the information and data available as well as on assumptions, assessments, and estimates developed by STAS, all of which may be subject to error. As a result, those models and techniques may not account for all relevant factors or may not account for any such factors correctly. More generally, there can be no assurance that such models and techniques will be effective. In any or all of these instances, Client's BrightFolio Program account may experience losses.

Capital Markets Assumptions: The assumed risk, return, volatility, and correlation of the asset classes corresponding to Client's declared risk tolerance and time horizon used to develop the Client's investment forecast are based on the capital markets assumptions specified by STAS. Those assumptions, which are based on historical asset class returns (as reflected by certain indices), proprietary models, subjective assessments of the current market environment, and forecasts of likelihood of future events, may turn out to be incorrect, which may cause the Client to accept more or less risk than Client desired and undermine the BrightFolio Program's ability to help Client reach their financial and/or retirement goals. In any or all of these instances, Client's BrightFolio Program account may experience losses.

Correlation Risk: Certain investments made by BrightFolio will experience returns that individually or in the aggregate are correlated (possibly highly) with various market indices, including various equity, debt or other markets around the world. In different market conditions and time periods, however, there may be periods of time when Client's BrightFolio account returns are not correlated with various market indices or the returns of other investment strategies. In any or all of these instances, Client's BrightFolio Program account may experience losses.

Diversification and Asset Allocation Risk: BrightFolio's target asset allocations are constructed using modern portfolio theory, which seeks to construct portfolios to optimize expected return based on a given level of market risk, and is based on the risk and return characteristics and relationships of the asset class exposures, as dictated by STAS' capital market assumptions. The asset classes selected by STAS are intended to reflect the types of fundamental equity and fixed income exposures that are commonly included within diversified investment portfolios. Other asset classes not considered in the portfolios may have characteristics similar or superior to those that are included. Diversification does not eliminate all investment risks and in particular does not eliminate market risk. Client's BrightFolio Program account may experience losses due to market risk or ineffective diversification.

In addition, the asset classes selected can perform differently from each other at any given time (as well as over the long term), so the Client's BrightFolio account's performance will be affected by the allocation among the various asset classes. BrightFolio's asset allocation decisions may result in more

portfolio concentration in a certain asset class or classes, which could reduce overall return if the concentrated assets underperform BrightFolio's expectations. Depending on market conditions, there may be times where diversified portfolios underperform less diversified portfolios, as diversification and asset allocation strategies do not guarantee low volatility, profit, or protection against investment loss. In any or all of these instances, Client's BrightFolio Program account may experience losses.

Moreover, the value of an entire asset class can decline for a variety of reasons outside of STAS and FutureAdvisor's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, technological innovations, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. A high allocation in a particular asset class may negatively affect Client's overall BrightFolio account performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause Client's account to underperform relative to the overall market. In any or all of these instances, Client's BrightFolio Program account may experience losses.

Glide Path: Portfolios are modified to adjust for risk over the course of a Client's time horizon for their goal, a course of adjustments referred to as the "Glide Path." The primary purpose of a Glide Path is to help reduce the potential impact of market downturns as the retirement or other financial goal nears, while still acknowledging the client's specific risk tolerance. If the BrightFolio Program's Glide Paths are calculated incorrectly, Client's BrightFolio Program account may experience losses. Glide Paths are not applicable to all investment goals.

Portfolio Construction: Focus is placed on selecting ETFs to implement the Program's investment strategy by utilizing a thorough due diligence process that seeks to identify those ETFs that are best positioned to help Clients achieve retirement or other financial goals with an appropriate risk level and lower costs. The selection process incorporates factors such as investment methodology, performance history, liquidity, fee structures and other costs, as well as the role an investment can play to deliver a client's target asset allocation strategy. If STAS is materially ineffective in providing these services, Client's BrightFolio Program account may experience losses.

Exchange-Traded-Funds: Exchange-Traded-Funds 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 ETF's prospectus carefully prior to investing.

Investing in securities, including ETFs, involves risk of loss that the Client should understand and be prepared to bear.

Investment performance can never be predicted or guaranteed and the value of Clients BrightFolio account will fluctuate due to market conditions and other factors. Client's BrightFolio Program account may experience losses.

Past performance is no guarantee of future results.

Client Directed Positions: STAS does not conduct initial or ongoing research or due diligence on these positions and neither FutureAdvisor nor STAS make recommendations related to maintaining or selling any Client Directed Position either initially or on an on-going basis.

Advisory Account Funding Risk: The sale or liquidation of any investment or other asset to fund a Client's BrightFolio account may have adverse tax consequences, early withdrawal penalties, or other costs or penalties as a result of such sale or liquidation, including the loss of living, death, or other benefits of that investment or asset. In addition, if a Client funds a BrightFolio account with existing securities, the liquidation of those securities by BrightFolio may have similar effects.

Tax Risks: While FutureAdvisor's investment decisions include a component that seeks to achieve tax optimized asset placement, which is designed to help optimize the Client's portfolio by allocating less tax-efficient assets into tax-advantaged accounts, this component is only one of many that should comprise an Client's comprehensive tax management plan, and supplementary tax advice that is outside the Program's scope may be necessary to minimize the impact of tax liabilities that Client could incur through the Program. Any tax optimized decisions FutureAdvisor makes and implements are not intended to serve as tax advice, and no representation is made that a Client will obtain or avoid any particular tax consequences as a result of those decisions. Dividends, capital gains, transfers, and sales of securities may create taxable events unless Client's account is tax-exempt (e.g., a individual retirement account). Clients are urged to consult with their personal tax and legal advisors regarding the tax consequences of investing in a BrightFolio account based on Client's particular circumstances. Neither FutureAdvisor nor STAS assume responsibility to Client for the tax consequences of any transaction.

In addition, any tax-loss harvesting (i.e., offsetting capital gains with capital losses in order to reduce or eliminate income tax obligations) implemented by FutureAdvisor should not be interpreted as tax advice, and no representation is made that certain tax consequences will be obtained or that the associated investment decisions will result in any particular tax consequences. The tax consequences of tax-loss harvesting and other tax optimized strategies are complex and may be challenged by the Internal Revenue Service. Moreover, investment decisions associated with such strategies may not perform as expected; expected returns and risk characteristics are no guarantee of actual performance. BrightFolio was not developed to be used by, and it cannot be used by, any client to avoid tax penalties or interest.

Withdrawal Risk: Cash withdrawals from, or other changes to, a Client's BrightFolio account may cause FutureAdvisor to send trades for execution at then-prevailing market prices or prevent NFS from executing other trades intended by the Portfolio Manager to rebalance a Client's investment portfolio, resulting in the Client's current asset allocation deviating from the target asset allocation and losses, undermining the Client's long-term financial goals. Further, dividend and other income generated by the securities held in a Client's BrightFolio account will be used by the Portfolio Manager to rebalance that account, will not necessarily be reinvested in those same securities, and will not be made available for withdrawal. In any or all of these instances, Client's BrightFolio Program account may experience losses.

Technology and Cybersecurity Risk: The Program depends on various computer and telecommunication technologies, many of which are provided by or are dependent on third parties. The ability of STAS and FutureAdvisor and the Site to successfully operate could be severely compromised by system or component failure, delays in data transmission to the Portfolio Manager and/or NFS, telecommunication failure, power loss, a software-related system crash, unauthorized system access or use (such as "hacking"), computer viruses, worms, and similar programs, fire or water damage, human errors in using or accessing relevant systems, or various other events or circumstances. These events may impact trading in a Client's Program account. It is not possible to provide comprehensive and foolproof



protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. As an automated, algorithmic investment advisory service, any event that interrupts the Program's computer and/or telecommunication systems or operations could compromise the Program for an extended time period and cause a Client's BrightFolio account to experience losses, including by preventing FutureAdvisor from trading, modifying, liquidating, and/or monitoring the Client's investments. In addition, there are information security and related risks associated with the use of electronic, Internet-based technologies to provide BrightFolio. In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to, gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including denial-of-service attacks on websites. Cybersecurity failures or breaches affecting BrightFolio or its third party vendors have the ability to cause disruptions to BrightFolio, potentially causing Client Program accounts to experience financial losses, the inability to access BrightFolio, and/or other damages.

Operational Risk: A Client's BrightFolio account may experience losses as a result of shortcomings or failures in STAS' or FutureAdvisor's internal processes, people, or systems, or from external events. Such operational risks can arise from many factors ranging from routine data processing errors to potentially costly incidents related to, for example, major information technology systems failures. Any operational shortcomings or failures that are outside the scope of STAS' or FutureAdvisor's disaster recovery and business continuity plans may result in BrightFolio disruptions or contribute to BrightFolio account losses. A copy of STAS' recovery and continuity plan is available upon request. A copy of STAS' recovery and continuity plan is available upon request.

Market Risks: Trades sent by Portfolio Manager to NFS on behalf of STIS and STAS may be impacted by the following market risks, any or all of which may cause Client's BrightFolio Program account to experience losses:

Market Order Risks: Equity trades in a BrightFolio account will generally be executed using "market orders," which execute immediately at the best available current price. These orders have higher risks than those orders that specify a target price at which a trade should execute and remain open for a longer time period (*i.e.*, "limit orders"), particularly during periods of high volatility and for securities with low liquidity. As a result, the use of "market orders" could cause Client to potentially pay a higher price for securities purchased with these orders or receive a lower sale price, while also increasing transaction costs. However, in such circumstances, other order types and conditions may be used, as appropriate, to achieve best execution.

Risk of Trade Delays: FutureAdvisor is authorized by each Client to send trades for execution to NFS on such Client's behalf. FutureAdvisor places purchase and sale orders for a Client's BrightFolio account, in accordance with FutureAdvisor's internal electronic trade processes and procedures, as Portfolio Manager directs those orders to NFS. However, for various reasons, including delays in transmitting data to NFS, market volatility, peak demand, or systems upgrades or maintenance, FutureAdvisor could face delays before directing trades to NFS or those trades executing. These delays could significantly reduce the profit potential from those transactions or could cause Client to experience a significant loss.

Liquidity and Valuation Risk: High volatility and/or the lack of deep and active liquid markets for a security may prevent FutureAdvisor from placing trades for clients at all, or at an advantageous time or price. Some securities (including ETFs) that hold or trade derivatives and/or other financial instruments may be adversely affected by liquidity issues as they manage their portfolios. NFS conducts the valuation

of assets in Client BrightFolio program accounts and STAS believes the values to be reliable, but STAS will not verify the accuracy of the information, see **FEES: Valuation** section above.

**Volatility Risk:** The performance of investment strategies BrightFolio deploys may be volatile (both in absolute terms and relative to realized returns), potentially resulting in increased risks, including the risk of losses. Investments may have volatility, variability of return outcomes, lower average returns, correlation with certain macroeconomic risks, asset class concentrations, and/or other significant risks, whether in absolute terms, relative to expected returns, or relative to certain other strategies that are deployed by STAS and FutureAdvisor on behalf of other clients.

**Risk of Trading Suspensions:** During periods of extraordinary market volatility or illiquidity, or at other times when suspension of trading is deemed to be in the best interests of Clients, STAS or FutureAdvisor in the exercise of its own discretion, may suspend directing trades to NFS with respect to a Client's BrightFolio account. A trading suspension could cause a Client's asset allocation to deviate from target, or prevent the Client from liquidating their account. While STAS and/or FutureAdvisor will make the decision to institute a trading suspension based on its consideration of what is in Client's best interest in light of then-prevailing market conditions, suspensions could nonetheless have unintended consequences that STAS and/or FutureAdvisor are unable to anticipate.

**Financial Market Disruptions:** Disruptions in the global financial markets have historically had materially adverse, and in certain cases catastrophic, consequences for the values, liquidity, and stability of certain types of investments, including the types of investments that are recommended in the Target Portfolios and made on the Client's behalf in BrightFolio Program account. Similar or dissimilar disruptions may occur in the future, and their duration, severity, and ultimate effect are difficult to forecast. These disruptions could lead to additional regulations or laws, which could have a material adverse effect on Client's BrightFolio account.

**Economic Risk:** A Client's BrightFolio account's investments are likely to be exposed to risks relating to weakness in various global economies and the economic cycle. Numerous factors, such as market volatility, interest rates, commodity prices, equity prices, currency prices, credit spreads, and deflationary and inflationary pressures, may be affected by the economic cycle and long-term economic trends. Predictions about financial market conditions and economic factors are highly uncertain, and the presence, duration, and impact of any market or economic conditions could have a materially adverse effect on BrightFolio account investments.

**Regulatory Change Risk:** It is possible that changes in applicable laws and regulations will affect a Client's BrightFolio program account. These changes may include: changes in investment adviser or securities trading regulation (or the interpretation of existing laws and regulations) and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations. In addition, a number of substantial regulatory changes are pending or in the process of changing in certain markets. The consequences of additional regulation on the liquidity and the efficient and orderly functioning of the markets in which investments held and/or purchased in BrightFolio program accounts cannot be predicted and may materially diminish the profitability of a Client's BrightFolio Program account and may cause the Client's BrightFolio Program account to experience losses.

While the services described in this brochure attempt to optimize investment returns for a Client risk tolerance, neither STAS nor FutureAdvisor makes any assurance that the investment recommendations

and/or decisions will be successful and result in profitable investing. Client's BrightFolio Program account may experience losses.

Core Account: Client's Brokerage Account contains a "**core account**", 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 until reinvested by the Portfolio Manager, withdrawn from the account by the Client or applied to pay the Program's Advisory Fee or other expenses.

The cash sweep investment option in the core account of Client's Brokerage Account is the Truist Bank Sweep Deposit Option of an STAS affiliate, Truist Bank. The Truist Bank Sweep Deposit Option is the only sweep investment option supported by the BrightFolio Program and cannot be changed by Client. Client's cash balances in their account will be automatically swept into an interest-bearing deposit account at Truist Bank, a federally insured banking institution. Cash balances held at Truist 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 Truist Bank outside of the Truist Bank Sweep Deposit Option 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. STAS' requirement of the Truist Bank Sweep Deposit Option as a sweep vehicle is a conflict of interest **See CONFLICTS OF INTEREST –SunTrust, Now Truist, Bank Sweep Deposit Option** Section above.

Neither STAS nor FutureAdvisor nor NFS will monitor the amount of client's Truist 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 Truist Bank (including accounts at Truist 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 Truist Bank sweep balance held at Truist Bank. Clients who are trustees are responsible for determining the application of FDIC insurance for themselves and their beneficiaries.

While Truist Bank makes efforts to provide a reasonable interest rate, the Truist Bank Sweep Deposit Option may not always provide interest rates comparable to money market funds.

Funds held in the Truist Bank Sweep Deposit Option are part of the advisory Program and as such are subject to the Program's Advisory Fee.

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

#### **VOTING CLIENT SECURITIES**

With respect to the Program, STAS will vote proxies unless a Client delivers a written request to STAS to exempt the Client's Program Account from this process. If such requested is provided, STAS will cause the applicable proxies to be forwarded to the Client.

STAS' Proxy Working Group includes members from the firm's 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 Working Group 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 of interest, there is no guarantee that all situations have been or will be mitigated through proxy policy implementation. STAS relies on Truist Bank's annual reviews of Glass Lewis' size, experience and technical capabilities. STAS contracts 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 Truist Financial Corporation, and its subsidiaries, the Proxy Working Group 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 Truist Financial Corporation, and/or other public corporate issuers with which either STAS or Truist 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 Truist Financial Corporation or any of its affiliates.
3. An issuer having substantial and numerous banking, investment, or other financial relationships with STAS, Truist Financial Corporation or its affiliates.
4. A director or senior officer of STAS or Truist Financial Corporation 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 Truist Financial Corporation 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 Working Group 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 Advisory 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).

#### **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGER**

When a Client initially opens a BrightFolio Program account, the Client supplies information concerning their age, time horizon, financial situation, risk profile, investments, and other information. The Program Algorithm considers the Client's financial and/or retirement goals based on this information and Client's current investment portfolio composition, including, if applicable, account information supplied by Client or aggregated by STAS or its affiliates. Clients can review and update their information anytime if it changes, but STAS provides Clients a formal reminder to do so on an annual basis, as described below, see **Annual Review**. All of the information Client supplies, including updates to that information, are provided to FutureAdvisor through the Client Profile and flow into the Algorithm, which ordinarily runs on a daily basis when U.S. markets are open, and affect the Portfolio Manager's investment decisions.

#### Householding (Minimum Balance Only)

The Program offers a householding feature, which involves the aggregation of accounts held by a Client and their spouse or spousal equivalent for minimum balance requirements and/or management. If a Client uses this feature, the Program assumes that the Client and spouse have the same risk tolerance and investment horizon (i.e., number of years until retirement or other financial goal). **However, BrightFolio accounts are not aggregated for the purpose of fee calculation. Instead, each BrightFolio account is treated individually for fee purposes, including each account's applicable Minimum Fee.**

#### Account Aggregation

As an input into the information used by the Portfolio Manager to provide goal projections and make investment recommendations, the Program will automatically aggregate Client's investment portfolio information ("Account Information") as it relates to all of Client's financial accounts held with STAS and/or other investment affiliates which are included by the Client in the Client's Client Profile. The Program will also allow Clients to aggregate other accounts, including those held at third party financial institutions. Neither STAS nor FutureAdvisor is responsible for and do not guarantee the accuracy of Client's Account Information, nor is STAS or FutureAdvisor obligated to validate such information. The Program does not automatically aggregate those accounts held solely in the name of Client's spouse or spousal equivalent. The value of Client's aggregated account holdings will ordinarily be displayed on the Online Platform.

#### **ANNUAL REVIEW**

At least annually, based on the Program account opening date, Clients will be notified by email to review the investment profile information contained within their personal BrightFolio online dashboard and reconfirm or update the information. The purpose of this review includes a determination as to whether any adjustment to the Client's investment strategy may be appropriate. Clients are responsible for updating their Client Profile information online via their personal dashboard. Updated information is submitted electronically to FutureAdvisor.

#### **CLIENT CONTACT WITH PORTFOLIO MANAGER**

As an automated investment advisory service, with goal projections and investment decisions generated automatically by the Algorithm for use by the FutureAdvisor, the Program does not rely on traditional human portfolio managers and does not provide Clients with the ability to contact or consult with those

persons at STAS or FutureAdvisor responsible for the Program or the Algorithm, respectively. However, as described below, the Program does have an annual review process in which a Client can indicate if, as a result of changes to the Client's situation or information, FutureAdvisor should change the investment decisions it makes with respect to a Client's Program account. A Client can also update their information through the Online Dashboard should it change, or modify the restrictions imposed on the sale of certain securities held in their Program account, anytime. A Client may contact STAS regarding their Program account by using the contact information specified on the Online Dashboard. However, there is no designated STAS financial advisor for the Client's Program account and support for the Program will generally be provided by phone. Neither STAS nor any of its advisors make any investment recommendations related to any proposed, active or terminated BrightFolio program account. At all times, the Client is responsible for taking action if the Client wants to make changes to their Program account. A Client can terminate their Program Account, at any time, if the Client determines the Program no longer suits their investment needs.

## **ADDITIONAL INFORMATION**

### **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. STIS brokers may also use this information in connection with making investment recommendations to their brokerage customers.

**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.

Truist Bank is state chartered bank and trust company authorized under the law of North Carolina to provided banking and trust services.

STAS has the following agreements with Truist Bank:

**Dual Representative Agreement:** Under this agreement, certain STAS Advisors, Investment Strategists, are employed by Truist Bank and offer Truist Bank deposit and investment products and services to Truist Bank clients as well as offering STAS advisory programs and services to Truist Bank Clients. This Agreement relates to each organization's supervisory responsibilities and requires that each organization clearly identify the products and services which they separately provide to clients.

**Administration and Operational Services Agreement:** Such items as business insurance, facilities management allocation, audit/internal control and human resources allocations, among other items are provided to STAS by Truist Bank and allocated by inter-company agreements.

**Solicitation Agreement:** Under the agreement, STAS may refer clients to Truist Bank for investment advisory or asset management services and receives compensation for such solicitations.

**Non-Deposit Retail Sales (Networking) Agreement:** Under the agreement, unregistered Truist 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. STAS reimburses Truist 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 Truist Bank for use in connection with its investment management and trust accounts.

**Investment Sub-Adviser Agreement:** Under the agreement, STAS' IAG manages Truist Bank client portfolio assets on the Truist Bank investment management and trust 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 GFO Advisory Services, LLC ("GFO"), an affiliate of STAS:

**Services Agreement:** Certain STAS personnel are also associated 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.

## **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 Program 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 may recommend securities in which STAS or its investment personnel or employees or affiliates of STAS have a financial interest or control relationship directly or indirectly, and STAS may buy and sell securities that STAS recommends to advisory clients for purchase and sale. STAS may also give advice and take action in the performance of its duties to clients that differs from advice given, or the timing and nature of action taken, with respect to other clients' accounts.

### **Personal Trading**

Personal securities transactions by STAS employees or transactions for the firm's affiliates may raise conflicts of interest when a security is traded that is 1) owned by client or 2) considered for purchase or sale for client. 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 conflict of interest may arise. Personal trading by STAS employees must be conducted in compliance with all applicable laws and procedures.

STAS performs for other clients services similar to those that are provided to the Program clients, as well as other types of investment related services. STAS may take actions and give advice that may differ from the advice given, or in the timing and nature of the action taken, with respect to the account of any Program client. Neither STAS nor anyone associated with STAS nor FutureAdvisor as Portfolio Manager, has any obligation to make or refrain from making to any Program client recommendations, purchases, sales, or transfers of any investment that may be purchased or sold for any other client or for the



benefit of anyone associated with them. Transactions in any specific investment may be executed at different times and prices for different clients. STAS may utilize different schedules as they relate to fees for its various advisory programs; therefore, the costs of obtaining services similar to a Program may be more or less than those charged to other clients of STAS.

#### Political Contributions

Truist 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 and other affiliates of Truist Bank.

#### **REVIEW OF ACCOUNTS**

FutureAdvisor's Algorithm ordinarily runs on a daily basis when U.S. markets are open, and may trigger action as a result of factors including, but not limited to, overall market movement, a significant change to or replacement of one or more of the securities held in advisory accounts, changes to a Client's financial and/or retirement goals, as reflected in the Client Profile, additional cash or security contributions, withdrawals, material changes to the profile information Clients supply, tax conditions, changes to the Algorithm, or other factors. Any of these may result in changes to FutureAdvisor's goal projections and investment decisions, triggering rebalancing or other transactions in a BrightFolio Program account.

STAS is responsible for periodically reviewing trading data and other automated reports and overseeing the trading activity performed by NFS on behalf of clients. The reviews include, without limitation, a verification that actual trading activity is consistent with the risk categories, asset allocation targets for those categories and eligible investment vehicles for each asset class STAS provides to FutureAdvisor as Algorithm inputs and the resulting investment decisions, an analysis of risks associated with those investment decisions, and a determination that trading is undertaken in compliance with applicable regulations. These reviews may result in changes to the capital markets assumptions, risk categories, asset allocation targets for those categories and eligible investment vehicles for each asset class and/or other aspects of the Program.

The STAS Automated Investing Group receives comprehensive monthly reports detailing each Client's Program account characteristics and periodically monitors target vs. current asset allocation, client profile information, number of trades, diversification and assets under management.

On an annual basis, STAS will contact Clients by e-mail to initiate a review of their profile information. If Client does not respond to STAS' review initiation within a specified time period, STAS will assume, based on the principle of negative consent, that none of the Client's information has changed, the Client does not wish to impose or modify any permitted restrictions on their Program account, and the Program should not make any changes to its goal projections or investment decisions. However, if STAS considers this review to be inadequate, to fail to comply with STAS' requirements under the Advisers Act or other applicable laws, or otherwise determine now or at any time that the Program is unsuitable for Client, STAS may terminate Client's Program account.

The Program conducts annual reviews of advisory accounts to ensure they conform to STAS policies and procedures. In addition, STAS reviews a percentage of advisory accounts on a random basis during the year for such purpose.

The online platform provides real-time performance information about Client's Program account on the Client's dashboard. As mentioned above, any updated financial information flows into the Algorithm and affects the resulting goal projections and investment decisions associated with a Client's Program account. If a Client decides that the Program no longer fits their investing needs, the Client can terminate their Program account and the Client's advisory relationship with STAS. If a Client does so, neither STAS nor FutureAdvisor will have any continued obligation to act or advise, as the case may be, with respect to the Client or their Brokerage Account assets.

Because the Program is automated and electronic in nature, a Client must initiate any changes the Client wishes to make to their Program account by updating their Client Profile. The Client's BrightFolio account will not be assigned to a STAS Advisor. This means that if a Client determines that their account would be better suited for a STAS brokerage account in which the Client pays commissions per trade, the Client must initiate Client's Program account's termination.

### **Advisory Account Reporting**

Clients only receive monthly electronic statements from NFS if there has been activity in their BrightFolio account otherwise the Client receives a quarterly brokerage statement electronically. Such statements reflect the activity in the account during the specific time period.

While the online platform may display the value of the holdings in all of the Client's aggregated accounts, the Program's performance information will only relate to those assets in Client's BrightFolio account, and other assets, including those of Client's spouse or spousal equivalent who is a joint Program Client, are excluded from those reports. This means Client must consult and assimilate other information sources to obtain aggregate performance and best practices information as it pertains to Client's aggregate investment assets. However, to the extent reported to Future Advisor as part of the Client Profile Client's retirement assets, such as those held in 401(k) and individual retirement accounts, generally are included in the goal projections and other estimated income information the Program generates and reports to Client.

Clients can access tax forms through the SunTrust, now Truist, Bank Online Banking Document Center.

## **PAYMENT FOR CLIENT REFERRALS**

### **BrightFolio Referrals**

STAS Private Financial Advisors ("PFAs") may refer clients to the BrightFolio Program and receive a \$100 referral fee from STAS. Qualified referrals are based upon the opening of a new account with a portfolio over \$5,000 of investible assets.

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