

Item 1 – Cover Page

# STATE TRUST

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## WEALTH MANAGEMENT

**StateTrust Capital, LLC.**  
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**Boca Raton, Florida 33487**  
**(305) 921-8100**

[www.statetrust.com](http://www.statetrust.com)

You should read and consider with due care all the information contained in this appendix before engaging StateTrust Capital, LLC as your Investment Advisor or for any of the services described. This information has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. This should be read in conjunction with the Portfolio Management Agreement, Form ADV Part 2A and, ADV Part 2B incorporated herein by reference.

StateTrust Capital, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about StateTrust Capital, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may retrieve information by searching for “StateTrust Capital LLC”.

### Item 2 – Material Changes

This section addresses material changes that were made to the brochure since the last update on February 24, 2020. It provides potential and current clients with a summary of such changes. Other ongoing disclosure information about material changes will be provided as necessary. Pursuant to SEC rules, clients will receive a summary of material changes to this and subsequent brochures within 120 days of the close of StateTrust Capital LLC's fiscal year end, which is December 31<sup>st</sup>.

1.- Our mail office address has changed to:

1750 Clint Moore Road  
Boca Raton, Florida 33487

Our phone numbers and e-mail addresses have not changed.

2.- Our office of convenience is **no longer open to the public.** For reference purposes, the address of this office was:

1000 Brickell Avenue  
Suite 320  
Miami, Florida 33131

Please DO NOT send any correspondence to this address.

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### Item 4 – Services, Fees and Compensation

This Wrap Program Brochure should be read in conjunction and as a complement to Form ADV Part 2A. This brochure contains certain information that may already be contained in the Form ADV Part 2A but relates particularly to certain managed programs where the fee charged to the client is inclusive and there are no additional transaction-based fees or transaction-based charges including but not limited to commissions and other per transaction fees.

StateTrust Capital, LLC (“StateTrust Capital” or “STC”) is an investment advisor registered with the Securities and Exchange Commission (“SEC”). StateTrust Capital is in the business of providing a variety of investment advisory services for an asset-based fee. Each program described in this brochure offers a sub-set of the following services, which are provided directly by StateTrust Capital, by an affiliate of StateTrust Capital, or by third parties, which may be independent or affiliated with StateTrust Capital:

- i. Investment Supervisory Services
- ii. Discretionary Portfolio Management
- iii. Selection or Advise in the selection of other Investment Advisors or Portfolio Managers
- iv. Custody and Execution
- v. Performance Review, Evaluation and Reporting

In the case of services that require the retention by the client of other investment management firms, separate brochures and/or agreements are provided.

The client’s securities account is normally held in his/her name at StateTrust Investments, Inc. (“STI”), an affiliated company of StateTrust Capital or at the brokerage firm of his/her choice. If the client wishes to use other broker/dealer to hold its assets, special arrangements may be made. The client retains full ownership and control of all assets in his/her account and will receive all account transaction and valuation statements directly from the brokerage firm.

### THE PROCESS

During an initial interview, conducted at no charge to the client, the individual needs, goals, liabilities, risk tolerance, and time horizon of the client are attempted to be determined. An appropriate allocation of assets in a portfolio mix of equities, fixed income and other instruments is thereby recommended/established. StateTrust Capital services include (as required) helping the client in defining his/her investment objectives, formulate an investment policy for him/her, evaluate and recommend professional money managers and as a final stage, design an asset allocation strategy for the client.

Within each of the categories in the strategy, the accounts or funds are further segregated by pure styles, size and minimums permitting, depending on specific client conditions (e.g.,

large capitalization growth, small/mid capitalization value, international large cap, etc.). In each of the chosen, segregated styles, internal and/or external account money managers are chosen. StateTrust Capital, through an affiliated broker/dealer, STI offers its clients access to external money managers. In the cases of Asia equity, International equity, large cap growth, small/mid-caps, and fixed income, StateTrust Capital itself may manage directly some of the portfolios if directed to do so by the client.

We summarize this process in several broad steps or stages:

### Analyze Current Position

Our first order of business is to assess your current range of investments.

- *Scrutinize plans and policies*
- *Examine contributions/disbursements*
- *Appraise any legal or legislative restrictions that may apply*
- *Evaluate personal and family preference*

### Discuss Plan

At StateTrust Capital we work hard to create the most advantageous plan for you. One that reflects your life and your aspirations.

- *Sound asset allocation*
- *Strategies that align with capital markets*
- *Alternative investment advice*
- *Contemporary portfolio models*

### Implementation

As soon as a comprehensive Investment Plan is agreed, we turn our attention to the beginning steps of the process.

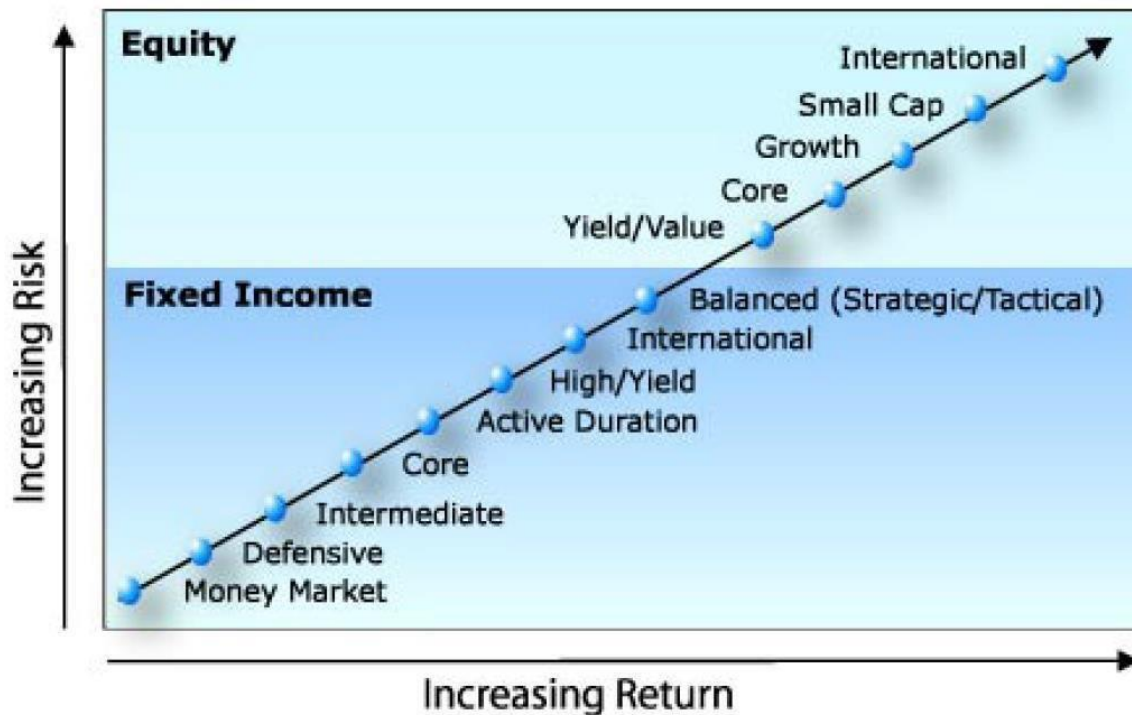
- *Designate money managers*
- *Arrange fees/account-size minimums with money managers/mutual funds*
- *Organize custody and brokerage services*

### Monitoring the Strategy

Helping you explore and define your investing objectives is just the beginning.

- *Your portfolio is under constant supervision*
- *You receive monthly or quarterly statements on holdings and transactions*
- *Performance reports include comparisons against the market, investing goals, and other money managers available*
- *We periodically review your risk profile and adjust your portfolio if you have experienced any significant changes in your financial situation*

As we start the process of formulating a successful investment strategy for you, your current situation and future needs are looked over in detail. From your financial situation, to any legal/regulatory restrictions, to your investment profile, every factor is considered so we can understand exactly what your circumstances are, along with what you wish to accomplish.



### Description for discretionary and non-discretionary accounts/programs

We divide our wrap programs in the following general groups:

- ❖ Equity Programs (Managed directly by STC)
- ❖ Equity Programs managed by other investment managers (External Manager)

Prior to searching for a program, we spend some time with you determining how much to utilize sub-asset class styles. These are simply subdivisions of the traditional broad asset classes that include equities, fixed income, and cash. Using the sub-asset class styles is an excellent way to limit volatility about your returns since different styles fall into favor at different times. It is an advantage in that you have less worry about your portfolio fluctuating periodically.

### **Equity Programs** (considered wrap programs)

Fees: 1.8% - 2.4% of assets managed for the specific client, on a per annum basis, charged quarterly in advance. The adviser negotiates with each client individually to set the percentage within the stated range, depending upon specific conditions that include the size of the relationship, the type of account, and other factors. Minimum amount invested for each program is generally US\$100,000. The registered broker/dealer where the account is being opened may require a certain minimum to open the account.

The following process describes the security composition of each portfolio:

- Public securities in the U.S. are screened and filtered, based on several variables that include: market capitalization, quarterly and yearly sales growth, yearly sales, free cash flows, earning per share (basic, excluding extraordinary items), net income, return on investment, working capital, earnings estimates revision, debt due in the next year, debt to equity ratio, and price to sales ratios, among others.
- The individual's securities chosen are checked through publicly available information.
- Securities may be bought on an ad-hoc if the manager wishes.

### Item 5 – Account Requirements and Types of Clients

We manage four proprietary types of portfolios – Asia equity, International equity, large cap (capitalization) growth and small/mid cap (core). Market capitalization is calculated by multiplying a stock's market price by the number of shares. Custody and brokerage commissions are also included in the stated fee.

Large Cap	Mid Cap	Small Cap
\$10 billion	\$3-10 billion	\$500 Million -3 billion

Styles are defined as follows: **(i) Growth:** The price /earnings ratio is paramount here. This is simply a way to measure the value of a company. The current stock price is divided by the current earnings per share. Investments focus on the earnings element in the hope that the company's growth will surpass that of the market's, while the price/earnings ratio stays the same; **(ii) Value:** In terms of the price/earnings ratio, the price component is at the heart here. If the price/earnings ratio is inexpensive, then it is thought that it will revert to market levels once the stock price rises; **(iii) Core:** Managers who utilize the core style do not favor the kinds of stock present in growth or value portfolios. As a result, their portfolios tend to average the market quite closely, and **(iv) Other:** Some other styles include international stocks, Asia stocks, and emerging markets.

### Equity programs managed by External Managers

In the case of external money managers, the advisory firm of StateTrust Capital uses the following general procedure in recommending managers to its clients:

- Money managers are screened based on style and within each style, a subset of money managers is pre-selected out of a set of available managers.
- The portfolio performance and composition of each pre-selected manager is checked.
- After the pre-selection, the advisor may contact individual money managers or do further analysis to have a better understanding of the manager's investment process.
- A subset of money managers is chosen.
- Depending on negotiations, a subset of money managers becomes those used/recommended by StateTrust Capital to its clients.

Any fees charged by the external money managers are already included in the overall asset-based fee established with the client. Custody and brokerage commissions are also included in the stated fee. Minimum amount invested for each program is generally US\$100,000. The registered broker/dealer where the account is being opened may require a certain minimum to open an account.



## Item 6 – Additional Information

### Other Programs/Accounts

STC currently does not have non-discretionary accounts, where the firm supervises and helps the client in structuring the portfolio, including security, industry, and sector evaluation, as well as the evaluation of the individual securities. In such cases the advisor would rely more in individual securities search. On an exception basis, the fixed income and/or equity programs described above are customized to a client with a sub-program different to the ones described.

### Biographical Information

The following brief biographical information describes personnel of StateTrust Capital who are either principal officers or who have trading and/or supervisory responsibility regarding the managed/wrap programs.

Joseph Turnes, born 1961 (Principal Money Manager) oversees the management of all StateTrust Group companies, including StateTrust Life and Annuities, StateTrust Capital and StateTrust Investments. He supervises all investment portfolios, security selection, asset allocation, risk assessment and performance reviews. With over two decades of financial experience, Mr. Turnes has honed his management skills at global companies such as Reuters, Citibank, and Salomon Smith Barney. Mr. Turnes holds Series 7, Series 63, Series 65, and other licenses. He obtained a Bachelor of Science degree in electrical engineering from the Catholic University in Washington D.C.

Jeffrey Cimbale, born 1959 (Chief Operating Officer). Mr. Cimbale was awarded a BS in Accounting in 1980. He is a Certified Public Accountant. He has over 20 years of financial experience in the brokerage and investment advisory business and he is the Chief Operating Officer for StateTrust. Mr. Cimbale holds Series 7, Series 24, and Series 27 licenses.

### Trading

Equity: In the case of discretionary wrap accounts, trades are executed on an agency basis but through bunching. The trading platform used for this, calculates the total number of securities to be purchased or sold based on the investment decision for all client accounts within the same sub-program. One order is placed with the purpose of (i) seek best execution, (ii) not to favor any specific advisory client; an allocation worksheet is maintained and if an order is not filled in its entirety, it is allocated pro-rata based on the worksheet.

### Related Parties and Conflicts of Interest

StateTrust Capital is an affiliate with common ownership of StateTrust Investments, Inc., a FINRA broker/dealer whose registration was effective April 2001. StateTrust Investments, Inc. is a fully disclosed broker/dealer with a clearing firm arrangement with AXOS Clearing, LLC.

StateTrust Capital is an affiliate with common ownership of StateTrust Life and Annuities, Ltd., a life and annuities insurance company registered in the British Virgin Islands and, with StateTrust International Bank & Trust, LLC., an international bank registered in Puerto Rico.

The advisors effect transactions for themselves and for related persons. Both at the advisor and the broker/dealer level, the securities recommended to a client may be the same as, similar to, or the opposite of those purchased or sold for the account of the firm, as investment goals and risk tolerance vary. At all times, the transactions of the firm's other clients will take precedence over those of the firm, except when bunching any order may afford a cost advantage, to be distributed proportionately. When appropriate, the firm's position is disclosed to clients when recommendations are made.

### **Referral Arrangements**

In addition, the firm has arrangements with certain individuals/entities, on a part-time or full-time basis, to promote its advisory services, without giving advice directly to clients. The firm compensates such solicitors with approximately 20-50% of the annual fee charged by StateTrust Capital to those clients referred in this manner. In these cases, the fee charged by the investment advisor will not be higher than that charged to other customers of the investment advisor if no solicitor were used.

Rule 206(4)-3 specifies certain standards that must be met by an investment advisor and any person who solicits any client for, or refers any client to, an investment advisor prior to the payment of a cash fee directly or indirectly. Prior to or at the time of executing an advisory contract, the advisor must receive a signed and dated acknowledgement from the client evidencing receipt of the advisor's brochure.

### **Other General Matters**

StateTrust Capital is for the most part a discretionary investment advisor. Accordingly, StateTrust Capital generally determines the securities and quantities to be bought and sold for each client account. At least on a quarterly basis, and monthly if there is activity, clients receive itemized account statements reflecting present holdings and transactions for the account's stated period. Clients opting for services that include discretion over accounts as to what quantity of which securities are to be bought or sold without prior authorization from that client will first be asked to sign a limited power of attorney authorizing the investment advisor or the money manager to act in that capacity.

While StateTrust Capital generally uses the services of its affiliated broker/dealer; a client may, in writing, direct StateTrust Capital to use a specific broker/dealer to execute portfolio transactions for its account. The client will be notified that the advisor should decide on a case-by-case basis whether the full range of intended services can be delivered to the client.