

**South Texas Money Management, Ltd.**

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## **Form ADV: Part II**

Uniform Application for Investment Advisor Registration

**FORM ADV**  
**Uniform Application for Investment Adviser Registration**

**Part II - Page 1**

<b>Name of Investment Adviser:</b> <b>South Texas Money Management, LTD.</b>				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone number:
<b>100 W. Olmos Drive, Suite 101</b>	<b>San Antonio</b>	<b>Texas</b>	<b>78212</b>	<b>(210) 824-8916</b>

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)
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Applicant:  
**South Texas Money Management, LTD**

SEC File Number:  
**801-58167**

Date:  
**January 4, 2010**

1. **A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instructions below.)

**Applicant:**

<input checked="" type="checkbox"/>	(1) Provides investment supervisory services . . . . .	<u>100</u> %
<input type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services . . . . .	<u>        </u> %
<input type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above . . . . .	<u>        </u> %
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription . . . . .	<u>        </u> %
<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above . . . . .	<u>        </u> %
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . .	<u>        </u> %
	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .	<u>        </u> %
<input type="checkbox"/>	(8) Provides a timing service . . . . .	<u>        </u> %
<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above . . . . .	<u>        </u> %

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? . . . . . Yes  No

C. Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed Fees (not including subscription fees)       | <input type="checkbox"/> (6) Other             |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input checked="" type="checkbox"/> B. Banks or thrift institutions     | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |  |
|---|--|
| <p>A. Equity securities</p> <p><input checked="" type="checkbox"/> (1) exchange-listed securities</p> <p><input checked="" type="checkbox"/> (2) securities traded over-the-counter</p> <p><input checked="" type="checkbox"/> (3) foreign issuers</p> <p><input checked="" type="checkbox"/> B. Warrants</p> <p><input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper)</p> <p><input checked="" type="checkbox"/> D. Commercial paper</p> <p><input checked="" type="checkbox"/> E. Certificates of deposit</p> <p><input checked="" type="checkbox"/> F. Municipal securities</p> <p>G. Investment company securities:</p> <p><input checked="" type="checkbox"/> (1) variable life insurance</p> <p><input checked="" type="checkbox"/> (2) variable annuities</p> <p><input checked="" type="checkbox"/> (3) mutual fund shares</p> | <p><input checked="" type="checkbox"/> H. United States government securities</p> <p>I. Options contracts on:</p> <p><input checked="" type="checkbox"/> (1) securities</p> <p><input type="checkbox"/> (2) commodities</p> <p>J. Futures contracts on:</p> <p><input type="checkbox"/> (1) tangibles</p> <p><input type="checkbox"/> (2) intangibles</p> <p>K. Interests in partnerships investing in:</p> <p><input type="checkbox"/> (1) real estate</p> <p><input type="checkbox"/> (2) oil and gas interests</p> <p><input type="checkbox"/> (3) other (explain on Schedule F)</p> <p><input type="checkbox"/> L. Other (explain on Schedule F)</p> |
|---|--|

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services   |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)   |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)              | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input type="checkbox"/> Short sales  |  |

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....  Yes  No

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
  - (1) broker-dealer
  - (2) investment company
  - (3) other investment adviser
  - (4) financial planning firm
  - (5) commodity pool operator, commodity trading advisor or futures commission merchant
  - (6) banking or thrift institution
  - (7) accounting firm
  - (8) law firm
  - (9) insurance company or agency
  - (10) pension consultant
  - (11) real estate broker or dealer
  - (12) entity that creates or packages limited partnerships

(For each checked in box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? .....  Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in.)

Applicant:  
**South Texas Money Management, LTD**

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**801-58167**

Date:  
**1/4/2010**

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? .....

Yes  No

(If yes, describe on Schedule F)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Frequency of Review: Securities are reviewed daily, accounts are generally reviewed quarterly, or in some cases more often.

Level of Review: The level of such review is determined by client need, and STMM's discretion.

Factors which Trigger a Review: Various factors trigger an account review, including but not limited to preparation of quarterly performance, client communication, financial conditions and specific securities holdings.

Reviewers include: Jeanie Wyatt, Chief Executive Officer and Chief Investment Officer, Michelle Romero, Chief Operating Officer, Fred Labatt, James Genteman, Tobin Calvert, Elizabeth Hickman, Mark Johnson, Richard "Cardo" Kleberg, Lance Lahourcade, Madelon Leone, Pamela Krueger, Lisa Fox, Holly Moore, Walter Hayne, Barbara Dickson, Pat Rutland, Hutch Bryan, Christina Kahn and Jeff Ready. Accounts are reviewed for accuracy, completeness, suitability/investment objective and restrictions.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

STMM sends quarterly statements to clients containing account holdings, performance, transactions and gain/loss information. STMM also communicates with clients through telephone calls, e-mail, letters, client meetings and webcasts. The frequency and type of communication varies from client to client, depending on each client's needs. In addition, clients also receive monthly/quarterly statements for each account from the custodian holding their assets. These reports disclose the amount of funds and each security in the account at the end of the reporting period and a list of all transactions in the account during the period.

**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |  |                                     |                          |
|--|-------------------------------------|--------------------------|
|  | Yes                                 | No                       |
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? .....                         | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? ..... Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and Services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |   |                             |
|---|---|-----------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ..... Yes  No

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>South Texas Money Management, LTD</b>	IRS Empl. Ident. No.:
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**Part II Page  
2, Item 1D**

*Advisory Services and Fees.*

South Texas Money Management, Ltd. ("STMM") provides investment advice and investment supervisory services, including certain limited scope financial planning services (available upon request at no additional cost to clients), by advising on equities, options, debt instruments, government securities and/or mutual funds. Our goal is to provide proper diversification and to meet the client's stated investment objectives.. We provide our services to individuals, trusts, estates, retirement plans, charitable organizations and corporations.

**Services include the following:**

- Investment management
- Asset allocation management
- Annual investment presentation (upon request)
- Quarterly performance and strategy summary reports
- Annual written analysis of account holdings and performance
- Open communication
- Limited scope financial planning (upon request)

**Standard Fee Schedule and Policy (effective for accounts established on or after May 2, 2007):**

<u>Account Market Value</u>	<u>Fee as a % of Market Value</u>
First \$0 - \$2 million	1.00%
Next \$8 million	0.50%
Above \$10 million	0.35%

STMM fees are payable and assessed monthly in arrears. Fees are calculated by multiplying the total month-end market value of the account inclusive of stocks, bonds, cash equivalents, mutual funds and all other assets, by the relevant percentage and dividing such product by twelve (12). **The reduction in percentage fee occurs only on the market value above the breakpoint.** Individual related Accounts above \$100,000 may be aggregated for purposes of the fee calculation upon written approval by STMM. Individual related Accounts below \$100,000 will not be aggregated. The minimum Account Relationship market value is \$500,000.

**There is a minimum annual Account Relationship fee of \$5,000.** The \$5,000 minimum annual Account Relationship fee may be aggregated from all accounts in the Account Relationship with the written approval of STMM. If an Account Relationship does not meet the minimum annual Account Relationship fee of \$5,000 after applying the above fee schedule, the short-fall may be charged on the Account anniversary date. In the event of termination of an advisory agreement, the pro-rated portion of the minimum annual fees may be charged for the period of time the agreement was in place.

All custody of assets will be handled by a third party. STMM fees do not include custodial charges, which are typically charged separately and vary by custodian. Minimum custodial fees and additional custodial charges may be significant for smaller accounts. Fees and expenses charged by mutual funds, exchange traded funds, other funds and investment companies in which the account may invest are in addition to STMM management fees. Commission costs for trades will be reflected in the net cost of the security and may vary by custodian/executing broker.

Effective February 1, 2009, STMM's Standard Fee Schedule set forth above applies to clients referred by Charles Schwab & Co., Inc. through STMM's participation in the Schwab Advisor

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**South Texas Money Management, LTD**

SEC File Number:  
**801-58167**

Date:  
**1/4/2010**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>South Texas Money Management, LTD</b>	IRS Empl. Ident. No.:
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**Part II Page 2,  
Item 1D  
Continued**

Network (SAN). For referrals under the TD AMERITRADE AdvisorDirect program, there is a minimum account size of \$300,000, and a minimum annual account fee of \$3,000.

STMM has entered into agreements with various independent and unaffiliated investment advisers and financial institutions such as banks and broker-dealers, including wrap arrangements with wrap program sponsors. These advisers and financial institutions refer clients to STMM and/or engage STMM as a sub-adviser. The total fees and charges (and the timing of payments for such fees and charges) that clients pay with respect to such arrangements may vary depending upon the arrangement between the client and their adviser/consultant and/or the arrangement between such advisers/financial institutions and STMM and such fees may be higher or lower than those paid by STMM clients who are not in such arrangements.

The following fee schedule applies to fixed income oriented accounts with a market value of at least \$10 million (effective for eligible accounts established on or after September 7, 2007):

<u>Account Market Value</u>	<u>Fee as a % of Market Value</u>
First \$0 - \$2 million	0.50%
Next \$8 million	0.25%
Above \$10 million	0.15%

With respect to the above fixed income fee schedule, there is a minimum annual account fee of \$30,000, which represents an annual fee as a percent of market value of 0.30% (.0030) on a \$10,000,000 account. Accounts on this special fixed income fee schedule may not be aggregated with related accounts for purposes of the fee calculation.

The following fee schedule applies to eligible fixed income only accounts with a market value of at least \$1 million that are referred to STMM by Charles Schwab through the SAN program, TD AMERITRADE through the AdvisorDirect program or Fidelity Brokerage Services LLC through Fidelity Wealth Advisor Solutions (effective for eligible accounts established on or after February 1, 2009):

<u>Account Market Value</u>	<u>Fee as a % of Market Value</u>
First \$10 million	0.50%
Above \$10 million	0.25%

Referred accounts on the above fixed income only fee schedule may not be aggregated with related accounts for purposes of the fee calculation.

STMM may, at its discretion, negotiate fee schedules, minimum fees and account minimums that vary from those discussed above.

***Proxy Voting***

STMM has adopted policies and procedures reasonably designed to ensure that proxies are voted in the best interest of clients. STMM's procedures indicate that in most instances, STMM will follow the voting recommendation of RiskMetrics Group (formerly Institutional Shareholder Services, Inc.), a third-party proxy voting firm. STMM has conducted a review of RiskMetrics' conflict procedures and the effectiveness of their implementation. Clients may contact STMM for a copy of STMM's proxy voting policies and procedures and for information as to how proxies were voted.

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**South Texas Money Management, LTD**

SEC File Number:  
**801-58167**

Date:  
**1/4/2010**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>South Texas Money Management, LTD</b>	IRS Empl. Ident. No.:
	<p><b><i>Legal Matters</i></b></p> <p>STMM will have no responsibility to notify clients or take action on their behalf as to legal matters, including securities class actions and bankruptcy proceedings, with respect to securities or other investments held in client accounts.</p> <p><b><i>Termination</i></b></p> <p>A client may terminate STMM's services at any time and for any reason upon written notice from the client to STMM and STMM may terminate its services at any time upon thirty (30) days' written notice to the client. In the event of termination of the agreement, the pro-rated portion of the minimum annual fees may be charged for the period of time the agreement was in place. Upon notice of termination, STMM will await further instructions from the client.</p>
<b>Part II Page 3, Item 4</b>	<p><b><i>Methods of Analysis, Sources of Investment Strategies</i></b></p> <p>As a main source of information, STMM may utilize third-party databases including a database containing historical market information.</p>
<b>Part II Page 4, Item 5</b>	<p><b><i>Education and Business Standards</i></b></p> <p>STMM requires that those involved in determining or giving investment advice to clients hold appropriate securities licenses and/or professional credentials that STMM deems substantive. Additionally, STMM requires a minimum of three years investment-related experience and/or a college degree.</p>

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**South Texas Money Management, LTD**

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**801-58167**

Date:  
**1/4/2010**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:  
**South Texas Money Management, LTD**

IRS Empl. Ident. No.:

**Part II Page  
4, Item 6**

***Education and Business Background:***

**JEANIE WYATT**, CFA, CEO and Chief Investment Officer

Date of Birth: 08/09/1953

Education:

University of Texas B.A./Actuarial Science  
Austin, TX 1981

CFA 1984

University of Texas at San Antonio, MBA  
San Antonio, TX 1986

Employment:

South Texas Money Management, Ltd. CEO/CIO 2000 – Present

Frost Bank Executive VP 1981 – 2000

**MICHELLE VILLASEÑOR ROMERO**, Chief Operating Officer

Date of Birth: 11/16/1975

Education:

St. Mary's University, BBA Finance / Financial Services & Risk Management  
San Antonio, Texas 1998

Work History:

South Texas Money Management, Ltd. Chief Operating Officer June 2006 – Present

Dir. of Equity Research 2000 – June 2006

Frost National Bank Assistant Vice President 1998 – 2000

**CHRISTIAN G. HERFF**, Chief Compliance Officer

Date of Birth: 5/18/1971

Education:

Vanderbilt University, B.A. Economics 1993

St. Mary's University School of Law, J.D. 1998

Employment:

South Texas Money Management, Ltd. Chief Compliance Officer June 2006 – Present

Fulbright & Jaworski L.L.P. Corporate Attorney 1998 – 2006

**RONALD B. WEISS**, Chief Financial Officer

Date of Birth: 7/22/1971

Education:

Rhodes College, B.A. Business Admin. 1993

Rhodes College, M.S. Accounting 1994

Employment:

South Texas Money Management, Ltd. Chief Financial Officer Nov. 2009 – Present

Thompson Dunavant PLC Tax Partner 2008 – Nov. 2009

Thompson Dunavant PLC Tax Manager 2001– 2007

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**South Texas Money Management, LTD**

SEC File Number:  
**801-58167**

Date:  
**1/4/2010**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>South Texas Money Management, LTD</b>	IRS Empl. Ident. No.:
<b>Part II Page 4, Item 6 Continued</b>	<p><b>TOBIN CALVERT</b>, Managing Director Date of Birth: 04/29/1961</p> <p>Education: University of Texas at Austin B.S./Natural Sciences 1985 University of Texas at Austin, MBA 1992</p> <p>Employment: South Texas Money Management, Ltd. Managing Director Sept. 2009 – Present Sr. Investment Adviser 2003 – Sept. 2009 Austin, Calvert &amp; Flavin Portfolio Manager 1996 – 2003 Davis, Skaggs Investment Advisors Portfolio Manager 1994 – 1996</p> <p><b>MARK JOHNSON JR.</b>, Managing Director Date of Birth: 09/21/1971</p> <p>Education: Texas Tech University at Lubbock B.A./Political Science 1994</p> <p>Employment: South Texas Money Management, Ltd. Managing Director Sept. 2009 – Present Sr. Investment Adviser 2003 – Sept. 2009 Austin Calvert &amp; Flavin Inc. Investment Adviser 1999 – 2003 Salomon Smith Barney Inc. Registered Representative 1995 – 1999</p> <p><b>JOHN LANCE LAHOUCADE</b>, Senior Investment Adviser Date of Birth: 08/19/1952</p> <p>Education: Trinity University, BBA/Economics San Antonio, TX 1975</p> <p>Employment: South Texas Money Management, Ltd. Sr. Investment Adviser 2004 – Present Inverness Counsel, Inc. Sr. Managing Director 2000 – 2004 Asset Advisory Group, Inc. President 1993 – 2000 Presidio Financial Services, Inc. Reg. Rep. 1999 – 2000 Duncan Smith Securities, Inc. President/Reg. Rep. 1982 – 1999</p> <p><b>FRED LABATT</b>, CFA, Director of Equity Research Date of Birth: 12/27/1963</p> <p>Education: Vanderbilt University, B.A./History Nashville, TN 1986 University of Texas at Austin, MBA Austin, TX 1990 CFA 1993</p>

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**South Texas Money Management, LTD**

SEC File Number:  
**801-58167**

Date:  
**1/4/2010**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>South Texas Money Management, LTD</b>	IRS Empl. Ident. No.:																														
	<p>Employment:</p> <table border="0"> <tr> <td>South Texas Money Management, Ltd.</td> <td>Director of Eq. Research</td> <td>June 2007 – Present</td> </tr> <tr> <td>Glass Management Company</td> <td>Executive V.P.</td> <td>2001 – 2007</td> </tr> <tr> <td>Hester Capital Management</td> <td>Sr. Vice President</td> <td>1999 – 2001</td> </tr> <tr> <td>Austin, Calvert &amp; Flavin, Inc.</td> <td>Portfolio Manager</td> <td>1996 – 1999</td> </tr> <tr> <td>Frost National Bank</td> <td>Portfolio Manager</td> <td>1990 – 1996</td> </tr> </table> <p><b>JAMES GENTEMAN</b>, Co-Director of Fixed Income Date of Birth: 3/25/1970</p> <p>Education: University of Texas at San Antonio, BBA/Finance San Antonio, TX 1995</p> <p>Employment:</p> <table border="0"> <tr> <td>South Texas Money Management, Ltd.</td> <td>Co-Director of Fixed Income</td> <td>Aug. 2009 – Present</td> </tr> <tr> <td></td> <td>Director of Fixed Income</td> <td>June 2007 – Aug. 2009</td> </tr> <tr> <td>Frost National Bank</td> <td>Fixed Income Portfolio Manager</td> <td>1996 – 2007</td> </tr> </table> <p><b>J. HUTCHISON (HUTCH) BRYAN, JR.</b>, CFA, Co-Director of Fixed Income Date of Birth: 2/1/1963</p> <p>Education: Southern Methodist University, B.B.A./B.A. (Ibero-American Studies) Dallas, TX 1985 Texas A&amp;M University, MBA College Station, TX 1990 CFA 1995</p> <p>Employment:</p> <table border="0"> <tr> <td>South Texas Money Management, Ltd.</td> <td>Co-Director of Fixed Income</td> <td>Aug. 2009 – Present</td> </tr> <tr> <td>AIG Investments</td> <td>Vice President-Municipal Bond Group</td> <td>2001 – Aug. 2009</td> </tr> </table>	South Texas Money Management, Ltd.	Director of Eq. Research	June 2007 – Present	Glass Management Company	Executive V.P.	2001 – 2007	Hester Capital Management	Sr. Vice President	1999 – 2001	Austin, Calvert & Flavin, Inc.	Portfolio Manager	1996 – 1999	Frost National Bank	Portfolio Manager	1990 – 1996	South Texas Money Management, Ltd.	Co-Director of Fixed Income	Aug. 2009 – Present		Director of Fixed Income	June 2007 – Aug. 2009	Frost National Bank	Fixed Income Portfolio Manager	1996 – 2007	South Texas Money Management, Ltd.	Co-Director of Fixed Income	Aug. 2009 – Present	AIG Investments	Vice President-Municipal Bond Group	2001 – Aug. 2009
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<p><b>Part II Page 5, Item 9E</b></p>	<p><i>Participation or Interest in Client Transactions - Buys or Sells for Itself Securities that it Also Recommends to Clients.</i></p> <p>STMM's related persons may buy or sell securities for themselves that STMM also recommends to clients. STMM has adopted a Code of Ethics and related procedures to ensure that the investment decisions it makes for clients are in the client's best interests and are independent from the securities holdings of the firm's related persons.</p> <p>STMM's Code of Ethics, which has been structured to comply with Rule 204A-1 under the Investment Advisers Act of 1940, describes certain standards of conduct required of the firm's supervised persons, including standards applicable to personal trading, to ensure that such trading is consistent with STMM's fiduciary duty to its clients and standards of business conduct as well</p>																														

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**South Texas Money Management, LTD**

SEC File Number:  
**801-58167**

Date:  
**1/4/2010**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

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	<p>as with applicable laws and regulations. Among other things, the Code states: 1) that supervised persons must obtain prior approval for personal securities transactions in initial public offerings and private placements; and 2) that supervised persons must submit to STMM quarterly and annual reports of certain personal securities transactions.</p> <p>A written copy of STMM's Code of Ethics is available upon request.</p> <p>STMM has investment responsibilities to, renders investment advice to, and performs other investment advisory services for a variety of different types of clients. There can be no assurance that all of STMM's clients will participate in investment opportunities identified by STMM or will do so on any particular basis. STMM will not necessarily acquire for any particular client a position in any investment that any other account may acquire. The nature of transactions, portfolio holdings, timing and strategy employed for a given client account may differ from those actions taken, or strategies employed, for other clients, portfolios or accounts of STMM. Each client account will be managed independently from all other accounts.</p> <p>With respect to portfolio transactions, STMM will allocate, within its reasonable discretion, investment opportunities to the client account over a period of time on a fair and equitable basis relative to the other accounts. STMM, in its sole discretion, may allocate investment opportunities to one or more client accounts, and not to others. Portfolio transactions may or may not be executed simultaneously for all client accounts.</p>
<p><b>Part II Page 5, Item 10</b></p>	<p><b><i>Condition for Managing Accounts</i></b></p> <p>As discussed in 1.D. above, STMM requires a minimum Account Relationship market value of \$500,000 and, for clients referred through the TD Ameritrade AdvisorDirect program, a minimum account market value of \$300,000, and imposes minimum annual fees unless an alternative arrangement is negotiated.</p>
<p><b>Part II Page 6, Item 12  Part II Page 6, Item 12 Continued</b></p>	<p><b><i>Investment or Brokerage Discretion.</i></b></p> <p>STMM generally is authorized to invest and reinvest Clients' securities, property, cash and other investments ("Assets") at such time and in such manner as STMM deems advisable without specific client consent. STMM generally is authorized to select the brokers and dealers who effect securities transactions for client accounts, and to negotiate the commissions charged for such transactions. STMM endeavors to obtain "best execution" in selecting broker-dealers to effect client trades, which may be defined as effecting trades in such a way as to maximize the value of client assets. Among the factors STMM considers in selecting broker-dealers are:</p> <ul style="list-style-type: none"> <li>• Value of research offered in relation to STMM's investment process;</li> <li>• Applicable commission rates and other transaction costs;</li> <li>• Timeliness of trade executions;</li> <li>• Efficiency and accuracy of clearance and settlement process;</li> <li>• Ability to provide data on securities executions;</li> <li>• The overall responsiveness of broker-dealers, i.e., how well the broker-dealer serves the adviser and its clients.</li> </ul> <p>STMM may execute transactions through broker-dealers that refer clients to STMM, to the extent consistent with the above policies. Additionally, STMM has policies and procedures in place to review and/or evaluate the qualities described above.</p> <p>In circumstances where a client directs STMM to use a particular broker-dealer, either on a</p>

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<p><b>Part II Page 6, Item 12 Continued</b></p>	<p>transaction-by-transaction basis or on an account-wide basis, STMM will use such broker-dealer to execute the client's transactions and will not seek better execution services or prices from other brokers or dealers. In circumstances where a client's account is custodied at a broker-dealer, such broker-dealer/custodian may impose charges on transactions executed away from the broker-dealer/custodian that make it economically infeasible for STMM to execute transactions through another broker-dealer. As a result of the situations described above, the client's transactions may not be able to participate in aggregated or block transactions and may be subject to higher commissions, greater spreads and/or less favorable net prices than other clients of STMM. Not all clients pay the same per share commission rates for equity trades.</p> <p><b><i>Trade Allocation for Fixed Income Securities</i></b></p> <p>Bonds purchased for client accounts are allocated pursuant to the firm's fixed income trading allocation policy, which is designed on the basis of fairness and objectivity. Generally, the policy gives priority to client accounts furthest away from their target fixed income allocation. Reasons for exceptions to the policy may include specific account restrictions and/or directives from the client or his or her STMM adviser; or circumstances in which an account is in the new account review process.</p> <p><b>AGGREGATED TRANSACTIONS</b></p> <p>STMM may purchase or sell securities across client accounts in an aggregated transaction, also known as a block trade or bunched trade. Each client that participates in the order must do so at the average price for all transactions, must share transaction costs on a pro rata basis based on participation in the transaction, and will be charged the applicable negotiated commission rate, if any. If an order cannot be executed in full in a single day, the securities actually purchased or sold by the close of each business day are allocated pro rata (or according to some other objective method) to each participating account. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the CEO, COO and the Chief Compliance Officer no later than the morning following the execution of the trade.</p> <p>Transactions for a client's account will not be aggregated for execution if the practice is prohibited by, or inconsistent with, a client's investment advisory agreement or other instructions to STMM. In addition, transactions for a client that has directed the use of a particular broker or dealer, transactions for accounts custodied at a broker-dealer or transactions for accounts over which STMM does not have discretionary trading authority may not be aggregated or "bunched" for execution, except to the extent that the executing broker or dealer is willing to "step out" such transactions to the client's designated broker or dealer.</p> <p>Accounts with a limitation on aggregating orders may be placed at the end of bunched trading activity and may experience different transaction results than accounts that participate in aggregated transactions. For example, non-aggregated transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for a "bunched" order. In addition, STMM may not be able to negotiate a commission rate or spread equal or similar to the level it is obtaining for the aggregated order. Also, the price may not be the same as the average price achieved with the aggregated order. As a result, it is possible for an account that is restricted or limited from participating in aggregated orders to experience higher commissions, greater spreads, and/or less favorable net prices than would be the case if STMM were not so restricted or limited from including transactions in that client's account in aggregate orders.</p>

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Orders for accounts which do not participate in the block trades as described above (e.g. because the client has selected to custody assets at a broker-dealer) are placed after the block trades according to a random rotation policy.

The spouse of STMM's Chief Executive Officer is a registered representative of an unaffiliated broker-dealer. Although STMM may execute client trades through this unaffiliated broker-dealer, the CEO's spouse does not receive any compensation with respect to such trades. STMM and the CEO's spouse may recommend transactions in the same securities to the accounts of their respective clients, and clients of STMM may hold positions in the same securities in which the CEO's spouse and/or brokerage clients of the CEO's spouse hold positions. Moreover, the manager of a mutual fund in which STMM clients may hold positions may effect trades for its managed accounts through the CEO's spouse's employing broker-dealer. All recommendations to STMM clients are made independently of the recommendations made to, and securities positions held by, clients of the CEO's spouse.

STMM does not participate in Initial Public Offerings (IPOs). If in the future, STMM should choose to participate in an IPO, STMM must always place clients' interests first and foremost, and treat all clients fairly and equally.

**Soft Dollar Services**

Section 28(e) of the Securities Exchange Act of 1934, provides a safe harbor for persons who exercise investment and brokerage discretion over advisory accounts to pay for research and brokerage services with commission dollars generated by account transactions. Such arrangements are sometimes referred to as "soft dollar arrangements."

STMM receives brokerage and research services under the Section 28(e) safe harbor from broker-dealers who execute trades for STMM's clients' accounts. In doing so, STMM may cause its clients to pay commissions higher than those obtainable from other broker-dealers in order to obtain valuable research to use in the investment-decision making process. These products and services may be used to service all of STMM's accounts, not just the accounts that pay for the services. Such services include, but are not limited to, the following: Financial Information Network, Bloomberg, Call Street, Factset Data Systems, BCA Research, Value Line, Creditsights, Crandall Pierce, themarkets.com, Omgeo and S&P Research Insight. STMM reviews its soft dollar arrangements on at least an annual basis. A detailed description of all purchased research services is maintained by STMM and is available to clients upon request.

On occasion, STMM obtains third party products and services from broker-dealers which are "mixed-use," that is, which are useful both in making investment decisions for client accounts and in performing administrative or other non-research functions. In these instances, STMM's trading oversight committee makes a good faith allocation so that the portion or specific component of a product or service which assists STMM in the investment-decision making process is obtained through client commissions and the portion or specific component which provides non-research assistance is paid for by STMM with its own funds. Although STMM strives to make this allocation on a fair and reasonable basis, the allocation may present an inherent conflict of interest.

STMM has established policies and procedures covering the use of soft dollars, including the following:

- STMM's trading oversight committee creates a list of soft dollar arrangements and reviews the arrangements on a periodic basis.
- The trading oversight committee documents allocation of costs associated with third party

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<p>mixed-use products and/or services. Furthermore, with respect to third party products that are considered "mixed-use" because they have the capacity to be used for both the investment decision-making process and in the management of the advisory firm, the former is paid using soft dollars while the latter is paid with hard dollars.</p> <ul style="list-style-type: none"> <li>• The trading oversight committee prepares periodic reports to document and review soft dollar activities.</li> </ul> <p>In cases where STMM is acting as a sub-adviser, brokerage commissions and costs and soft-dollar arrangements may not be negotiated by STMM. The company for which STMM is acting as a sub-adviser may negotiate brokerage commissions and costs and soft-dollar arrangements for those sub-advisory accounts. Such broker commissions and costs may be higher or lower than those negotiated directly by STMM.</p> <p>In addition to the soft dollar arrangements described above, STMM participates in institutional programs sponsored by custodians and brokers. These programs allow STMM's clients (through STMM) access to institutional trading desks and institutional-only fund offerings, make certain load mutual funds available at net asset value and provide other accommodations typically not available to retail investors. STMM also receives products and services that assist with the management and administration of client accounts. These products and services include software that facilitates trade execution, clearance, settlement and custody; research, pricing information and other market data; as well as software that assists with back-office support, recordkeeping and client reporting. Sponsors of such institutional programs also make available to STMM other services intended to help STMM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, the sponsors may make available, arrange and/or pay for these types of services rendered to STMM by independent third parties. The sponsors may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to STMM. The benefits received by STMM do not depend on the amount of brokerage transactions directed to such brokers or the number of STMM managed accounts custodied at such custodians and the cost of such benefits is not disclosed to STMM. Accordingly, no mixed-use allocation is performed with respect to these services. Although the commissions charged to STMM's clients with respect to such programs may be higher than the lowest commissions available, STMM has determined that these commissions are reasonable, in view of the execution abilities of the sponsors, the level of services provided to STMM's clients, and the ancillary services provided to STMM.</p> <p>The institutional programs in which STMM participates include programs sponsored by Charles Schwab &amp; Co. Inc., an SEC registered broker-dealer not affiliated with STMM, TD Ameritrade Institutional and Fidelity Brokerage Services LLC/National Financial Services LLC.</p> <p>TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. ("TD AMERITRADE") member FINRA/SIPC. TD AMERITRADE is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD AMERITRADE offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. STMM receives some benefits from TD AMERITRADE through its participation in the program. (Please see the disclosure under Item 13.A. below.)</p> <p>Fidelity Brokerage Services LLC and National Financial Services LLC are SEC registered broker-dealers and members of FINRA/SIPC and are not affiliated with STMM.</p>	



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<p>STMM pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all referred accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by STMM is a percentage of the fees the client owes to STMM or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee in certain circumstances. STMM pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to STMM quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by STMM and not by the client.</p> <p>STMM generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees STMM generally would pay in a single year. Thus, STMM will have an incentive to recommend that client accounts be held in custody at Schwab.</p> <p>The Participation and Non-Schwab Custody Fees will be based on assets in accounts of STMM clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, STMM will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit STMM fees directly from the accounts.</p> <p>For accounts of STMM clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from STMM clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees and are charged to the client's account. Thus, STMM may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. STMM nevertheless, acknowledges and will fully comply with its duty to seek best execution of trades for client accounts, except as may otherwise be provided in this Form ADV. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for STMM's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and at different prices than trades for other accounts that are executed at other broker-dealers.</p> <p>STMM may receive client referrals from TD AMERITRADE through its participation in TD AMERITRADE AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, STMM may have been selected to participate in AdvisorDirect based on the amount and profitability to TD AMERITRADE of the assets in, and trades placed for, client accounts maintained with TD AMERITRADE. TD AMERITRADE is a discount broker-dealer independent of and unaffiliated with STMM and there is no employee or agency relationship between them. TD AMERITRADE has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD AMERITRADE does not supervise STMM and has no responsibility for STMM's management of client portfolios or STMM's other advice or services. STMM pays TD AMERITRADE an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 15%) of the advisory fee that the client pays to STMM ("Solicitation Fee"). STMM will also pay TD AMERITRADE the Solicitation Fee on any advisory fees received by STMM from any of a referred client's family members, including a spouse, child or any other family member who resides with the</p>	

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	<p>referred client and hired STMM on the recommendation of such referred client. In addition, STMM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD AMERITRADE or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. STMM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD AMERITRADE to its clients. For information regarding additional or other fees paid directly or indirectly to TD AMERITRADE, please refer to the TD AMERITRADE AdvisorDirect Disclosure and Acknowledgement Form.</p> <p>STMM also may receive client referrals through its participation in Fidelity Wealth Advisor Solutions, sponsored by Fidelity Brokerage Services LLC and National Financial Services LLC.</p> <p>STMM's participation in AdvisorDirect, Fidelity Wealth Advisor Solutions and referral programs offered by other broker-dealer sponsors ("Referral Programs") raises potential conflicts of interest. Sponsors of Referral Programs (collectively, "Program Sponsors") will most likely refer clients through their respective referral programs to investment advisors that encourage their clients to custody their assets at the referring Program Sponsor and whose client accounts are profitable to the referring Program Sponsor. Consequently, in order to obtain client referrals from a Program Sponsor, STMM may have an incentive to recommend to clients that the assets under management by STMM be held in custody with such Program Sponsor and to place transactions for client accounts with such Program Sponsor. Except as may otherwise be provided in this Form ADV, STMM's participation in Referral Programs does not diminish its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Program Sponsors may be executed through a different broker-dealer than trades for STMM's other clients. Thus, trades for accounts custodied at Program Sponsors may be executed at different times and at different prices than trades for other accounts that are executed at other broker-dealers.</p>