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March 15, 2011

Part 2A Brochure

This brochure provides information about the qualifications and business practices of Sowell Management Services. If you have any questions about the contents of this brochure, please contact us at 501-219-2434. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Sowell Management Services is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Sowell Management Services is available at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Sowell Management Services is 127145.

MATERIAL CHANGES

Form ADV Part 2A, Item 2

This is our initial filing of what we regard as the “New Part 2” of our Form ADV. As a result, this document, dated March 15, 2011, is completely new. We developed this document in response to new requirements adopted and imposed on investment advisers by the Securities and Exchange Commission and state securities departments. As a result, this document is substantially different from our previous Form ADV Part II dated October 25, 2010 and includes disclosures not specifically required by the previous Form ADV Part II.

This document should be considered materially new although you may recognize that some of the disclosures are similar to our previous Form ADV Part II dated October 25, 2010. New disclosures in this document include those items previously not requested, such as:

- A discussion of our investment philosophy and investment strategy
- Disclosure of any disciplinary information
- Disclosure of material conflicts that may exist
- Disclosure of our policy on voting securities
- Disclosure of financial information concerning Sowell Management Services

In addition, this new Form ADV Part 2A eliminates the check-the-box questions from pages one through six of the previous Form ADV Part II.

In future filings, this section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) www.adviserinfo.sec.gov.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Bill Sowell 501.219.2434 ext. 24 or bill@sowellmanagement.com.

We encourage you to read this document in its entirety.

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ADVISORY BUSINESS

Form ADV Part 2A, Item 4

This Disclosure document is being offered to you in connection with the investment advisory services provided by Sowell Management Services (“SMS”) to educate you with information about the services we provide and the manner in which those services are made available to you, the client.

We are a fee-based 3rd party investment management firm located in North Little Rock, Arkansas, specializing in investment portfolios for individuals, retirement plans, corporations and institutions using strict investment disciplines. The firm was established in 2001 by Sowell Management, Inc. and Cindy Sowell. Sowell Management Inc. is 100% owned by William Sowell.

We are committed to helping you build, manage, and preserve you or your client’s wealth, and to provide assistance to clients to help achieve their stated financial goals.

In performing our services, we shall not be required to verify any information received from you or from other professionals. If you request, we may recommend and/or engage the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional.

We also provide services to the clients of other registered investment advisers who offer our services on behalf of their clients, or, we may be contracted to be a portfolio manager in a Wrap Fee Program sponsored by an unaffiliated broker/dealer and/or investment adviser.

Portfolio Management Services – Retail Client of Sowell Management

We offer discretionary investment management and investment supervisory services for a fee based on a percentage of assets under management. These services include investment analysis, allocation of investments, quarterly portfolio statements and ongoing monitoring services for the portfolio.

Portfolio composition will be determined based on your needs, portfolio restrictions, if any, and financial goals and risk tolerances. We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This enables us to custom tailor a portfolio best suited for your investment objective and needs. Once your investment portfolio has been designed and investments have been allocated, we will provide ongoing portfolio review and management services. This approach requires us to review your portfolio at least quarterly.

We will rebalance the portfolio, as deemed appropriate, to meet your financial objectives. We will trade these portfolios and rebalance them on a discretionary basis.

Our advisory services are tailored to meet your individual needs. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do not and will not have custody of your funds or securities, except for the limited access to deduct only investment advisory fees via the qualified custodian and only with the appropriate authorization from you.

You are advised and are expected to understand that our past performance is not a guarantee of future results and that certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in your account.

Sowell Management Services claims compliance with the Global Investment Performance Standards (GIPS[®]) and has prepared and presented Annual Disclosure Presentations in compliance with the GIPS standards. Sowell Management Services has been independently verified. For latest verification information, please contact SMS, or refer to the company's website (www.sowellmanagement.com) for further information.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Private Accounts Services

Our Private Accounts Services employs a GARP ("growth-at-a-reasonable-price") philosophy, allowing us to invest in companies that exhibit both growth and value characteristics. We screen potential stock investments for a series of growth criteria, such as dividend, earnings, revenue, and cash flow, and also value criteria such as price-to-cash flow, price-to-earnings, price-to-book, and PEG ratios.

Portfolio Models include:

Sowell Flagship Equity Growth

The Flagship Equity Growth portfolio's objective is growth of capital. The portfolio seeks its objective by normally investing at least 90% of its assets in common stocks of companies that have improving fundamentals (based on growth criteria) and whose stock is reasonably valued or undervalued by the market. At least 80% of the portfolio is invested in common stock of companies with market capitalizations over \$3 billion. This portfolio is appropriate for investors with a time horizon of ten years or greater and is considered to be aggressive.

Platinum Plus Portfolio

The Platinum Plus Portfolio is designed specifically for the needs of the high net worth investor. The portfolio is designed based upon the investor's risk tolerance, liquidity needs, time horizon, tax considerations and other factors. The typical portfolio weighting can be 0-100% in Equity and 0-100% in fixed income/cash and will generally include some Alternative Investments. This portfolio is appropriate for investors with various time horizons, based on the risk level initially chosen for the portfolio.

Product Management

We also manage variable product sub-account allocations on products held directly with the sponsor. In these instances, the strategies may be limited to Aggressive Growth, Global Growth, Growth, Balanced and Conservative. The management of these products is limited to the exchange of funds within sub-accounts of the variable products. We do not give advice as to the purchase/sale/exchange of Variable Products from one contract or sponsor to another and we have no discretion over these decisions.

Direct Allocation Services

We provide solicitors, advisers and institutions with portfolio models and rebalancing. We conduct the independent research and analysis, build the portfolios, monitor and update the models as appropriate.

Services Provided Through Unaffiliated Investment Advisers (Solicitors)

We have agreements with unaffiliated investment advisers (hereafter referred to as "solicitors") whereby we manage some or all of the solicitors' client assets according to the investment strategy chosen by their client. In these situations, the client remains a client of the solicitor. The decision as to what investment strategy(s) client assets are invested in is based on suitability information gathered and reviewed by the solicitor. We manage these assets based on the investment strategies and not based on overall client suitability.

Third Party Management

Our services also include clients that are third party investment advisers where we act as a sub-advisor. In these relationships, we directly manage the client accounts and third party adviser is responsible for determining which of the models their clients are invested in, determining suitability and for managing the client relationship.

The management of these accounts is, in most cases, the same as directly managed accounts of SMS. Any exceptions would be based on limitations by the particular sponsor of the Wrap Fee Program. A portion of the fee charged by the Wrap Fee Sponsor is paid to SMS.

General Information on Advisory Services

Sowell Management does not represent, warrant, or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

For those clients invested in a wrap fee program, we manage your assets in the same manner we manage accounts that do not participate in wrap fee programs. We receive a portion of the wrap fees for our services to you, as described above.

Assets

As of December 31, 2010, we managed \$370,215,656 in client assets on a discretionary basis.

FEES AND COMPENSATION

Form ADV Part 2A, Item 5

Portfolio Management Services – Retail Client of Sowell Management

Our fee includes compensation for the advisory and consulting services trade entry and other account-related services. We do not charge for transactions. However, the custodian may charge custodial fees, transaction costs, redemption fees, retirement plan and administrative fees or commissions. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12 (b)(1) fees and other mutual fund annual expenses as described in the fund's prospectus. Furthermore, some existing variable annuities may be subject to trailing service fees, deferred sales charges, and mortality and expense fees. These fees are independent of our fees and should be disclosed by the custodian or contained in each fund's prospectus. You should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

The annual fee for portfolio management services is billed monthly in advance based on the market value of the assets on the last day of the preceding month as reported by the custodian. Fees are assessed on all assets under management, including securities, cash and money market balances. Fees are assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar month. The pro-rata fee will be deducted in arrears at the end of the first partial month. The fee is based on a percentage of assets under management. The annualized fees for portfolio management services are based on a tiered fee schedule. Fees are assessed on all assets under management, including securities, cash and money market balances. Margin debit balances do not reduce the value of assets under management.

Our investment advisory fees shall not exceed 2.5%. The specific advisory fees are set forth in your Investment Advisory Agreement. In certain circumstances, our fees and the timing of the fees may be negotiated.

At our discretion, we may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee. We may allow such aggregation, for example, where we service accounts on behalf of your minor children, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a reduced advisory fee based on the breakpoints available in our fee schedule.

You authorize us to debit your account monthly, in advance, for our fee. The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. We will not have access to your funds for payment of fees without

your consent in writing. Further, the qualified custodian agrees to deliver an account statement at least quarterly directly to you indicating all the amounts disbursed from the account including the amount of advisory fees. You are encouraged to review your account statements for accuracy. We will receive a duplicate copy of the custodian's statement that was delivered to you.

Either party, upon written notice from the terminating party, may terminate the Investment Advisory Agreement. If the agreement is terminated prior to the last day of the calendar month, a prorated portion of the fee paid for that month based on the number of days remaining will be refunded to you. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets.

Private Accounts Services

The annual fee for portfolio management services for the Private Account Services may be negotiable and is billed monthly in advance based on the market value of the assets on the last day of the preceding month. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar month. The annualized fees for portfolio management services shall not exceed 2.5%.

For accounts invested and managed at the full discretion of Sowell Management Services with Fidelity Institutional Wealth Services as custodian, clients have the option to pay all the transaction charges incurred in the management of the account or choose to have SMS pay all transaction charges. This option is only available for accounts \$100,000 and over. This option is a separate cost above and beyond the management fee and varies between .05% and .50% depending on the accounts values. This additional cost is applied to each account on an account-by-account basis and is not applied to the breakpoint provided to a household. A detailed and complete breakdown of this option can be found in our Investment Advisory Agreement specific to Fidelity Institutional Wealth Services.

At our discretion, we may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee or meeting the required minimum account size. We may allow such aggregation, for example, where we service accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause the account(s) to be assessed a reduced advisory fee based on the breakpoints available in our fee schedule described in Item 5.

The independent qualified custodian holding your funds and securities will debit your account directly for our advisory fees. You will provide written authorization permitting the fees to be paid directly from your account(s) held by the qualified custodian. We will not have access to your funds for payment of fees without your consent in writing. Further, the qualified custodian agrees to deliver an account statement at least quarterly

directly to you. You are encouraged to review your account statements for accuracy. We will receive a duplicate copy of the statement that has been delivered to you.

Upon 30 days written notice to the other, either party may terminate the management agreement. The management fee will be pro-rated for the month in which the cancellation notice was given and any unearned fees will be refunded to you.

Product Management

For variable product accounts, management fees are debited as described above from the sub-accounts of the product held at the sponsor, in advance on a monthly basis. The management of these products is limited to the investment options made up of sub-accounts within each particular variable product. We do not give advice as to the purchase/sale/exchange of Variable Products from one contract or sponsor to another and we have no discretion over these decisions.

Upon 30 days written notice to the other, either party may terminate the management agreement. The management fee will be pro-rated for the month in which the cancellation notice was given and any unearned fees will be refunded to the client.

Direct Allocation Services

When we provide solicitors, advisers and institutions with portfolio models and rebalancing, the fee is negotiated separately, depending on the type of portfolio desired and the number of portfolio analysis and models provided. The fee is paid monthly or quarterly, as negotiated. The payment and timing of the payment is negotiated and based upon the terms of each agreement.

Services Provided Through Unaffiliated Investment Advisers (Solicitors)

When we manage client assets for solicitors, the fees are either paid to the solicitor and shared by agreement with our firm or the fees are paid to us and the agreed upon percentage of the fee remitted to the solicitor. These services may be part of the other advisers wrap fee program or as a third party management agreement.

The solicitor may charge an advisory fee that is separate from our fee. The solicitor, at their choosing, may mark up our base fee. The total fee is disclosed to you in the Solicitor's Written Disclosure document. The fee shall not exceed a total of 2.50%. Fees are billed in advance and payable at the beginning of each month. Your Solicitor will provide you with a disclosure statement listing the total advisor fees for your account(s) at the time the account is opened.

You have the right to cancel this agreement or liquidate your account at any time by notifying us in writing. We may cancel this agreement at any time by providing written notice to you. If the account is terminated before the month ends, the fee will be calculated based on the value of the account on the day of termination and prorated for

the number of days in the month the account was under management and refunded to you.

Additional Fees and Expenses:

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management. Brokerage commissions;

- Transaction fees, with the exception for portfolios managed with Fidelity as custodian and that specific option exercised at an additional cost
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial Fees;
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups / mark-downs on security transactions ;

Please refer to the “Brokerage Practices” for discussion of SMS’s brokerage practices.

PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Form ADV Part 2A, Item 6

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above in Fees and Compensation.

TYPES OF CLIENTS

Form ADV Part 2A, Item 7

We provide investment advice to individuals, banks or thrift institutions, pension and profit sharing plans, trusts, foundations, estates, charitable organizations, and corporations or other business entities.

A minimum of \$50,000 is required to open and maintain an account under the Asset Management Portfolio Program. A minimum of \$200,000 is required to open and maintain an account under the Flagship Equity Growth and the Platinum Plus Portfolio, has an account minimum of \$500,000. We may waive account minimums at our sole discretion.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Form ADV Part 2A, Item 8

The method of analysis we utilize is both fundamental and technical. We gather our information for investment purposes from financial newspapers, magazines, research prepared by others, corporate rating services, company press releases, annual reports, prospectuses and filings with the Securities and Exchange Commission.

We believe in “Growth-At-a-reasonable Price” (GARP) investing. We sift through data using the following process.

Setting Filtering Criteria – Sowell has developed its own proprietary set of filtering criteria through which all companies within the allowable universe (which consists of all domestic and foreign ADR-traded companies with market capitalizations of \$5 billion or more) flow. Criteria selections are within the qualitative and quantitative factors that will drive companies’ revenues, profitability, and cash flow future growth. The criteria allows an inside look at what the company has done and is doing to facilitate its sustainable future growth.

Filtering Process – Once the filtering criteria has been set, all allowable companies flow through the filtering mechanism to weed out all of the investments that do not, at a minimum, meet the core components Sowell believes are crucial to the companies’ sustainable growth. This will ensure that the short list contains only the highest quality of GARP candidates.

Panning out the “Fool’s Gold” – Once the short list of portfolio candidates is set, Sowell dives into the fundamentals of the companies to confirm why the filtering process produced the candidate. This step will extract and disqualify those companies that manage their financials (earnings) to meet the expectations of the investing public, or window dress their results. Actual cash flows play a vital role in this step.

Selecting Components to the Portfolio – Once the true growth companies are identified, Sowell sets the maximum entry point, or price, at which the company will be added to the portfolio. This will ensure that only companies that are selling at inefficiently low valuations will be added to the portfolio. Once certain factors, such as higher valuations or lowered growth prospects, change over the holding term, Sowell will sell the position in order to allocate portfolio funds to new opportunities. This takes the emotion out of the process, a factor to which many investors fall victim. However, portfolios can be tax-efficient managed, if necessary.

We offer the asset management programs described below:

Asset Management Portfolio (AMP) Program

Our investment planning program involves researching and selecting a mix of mutual funds, Exchange Traded Funds and other investment products using our own proprietary process. We screen potential fund investments on key criteria, including, but not limited to:

- Fund objectives and investment styles
- Superior performance relative to fund peer groups over a number of years
- Asset size providing liquidity and maneuverability
- Consistent fund management
- Relatively low expense ratios after investments are selected for a portfolio, we monitor your account closely to ensure that each fund continues to be aligned with the portfolio's specific needs while enhancing its return.

Portfolio Models include:

Sowell Aggressive Growth. Objective: To obtain long-term capital appreciation without regard for current income. The portfolio will be invested in allocations of domestic and international equity funds, alternative investments and money market funds. This portfolio is appropriate for investors with a time horizon of ten years or greater. Risk level is considered to be aggressive.

Typical Allocation: 90 - 100% Equity 0 - 10% Fixed Income/Cash

Sowell Global Growth. Objective: To provide long-term capital appreciation. The portfolio is invested in diversified allocations of domestic and international equity and bond funds (with a bias toward foreign), alternative investments and money market funds. This portfolio is designed for investors seeking long-term growth with moderate risk and is appropriate for investors with a time horizon of seven to ten years. Risk level is considered to be moderately aggressive.

Typical Allocation: 75 - 85% Equity 15 - 25% Fixed Income/Cash

Sowell Growth. Objective: To obtain long-term capital appreciation. The portfolio is invested in diversified allocations of domestic and international equity and bond funds, alternative investments and money market funds. This portfolio is designed for investors seeking long-term growth with moderate risk and is appropriate for investors with a time horizon of seven to ten years. Risk level is considered to be moderately aggressive.

Typical Allocation: 75 - 85% Equity 15 - 25% Fixed Income/Cash

Sowell Balanced. Objective: To produce moderate growth of capital with a secondary objective of current income. Under normal market conditions, the portfolio will be invested in diversified allocations of domestic and international equity and bond funds, alternative investments and money market funds. This portfolio is appropriate for investors with a time horizon of five to seven years. Risk level is considered moderate.

Typical Allocation: 55 - 65% Equity 35 - 45% Fixed Income/Cash

Sowell Conservative. Objective: The primary objective of this portfolio is to produce current income with an equally important objective of moderate growth of capital. Under normal market conditions, the portfolio will be invested in diversified allocations of domestic and international equity and bond funds, alternative investments and money market funds. This portfolio is appropriate for investors with a time horizon of five years. Risk level is considered to be moderate.

Typical Allocation: 45 - 55% Equity 45 - 55% Fixed Income/Cash

Sowell Income & Growth. Objective: To produce current income with a secondary goal of minimal to moderate growth of capital. Under normal market conditions, the portfolio will be invested in diversified allocations of domestic and international equity and bond funds, alternative investments and money market funds. This portfolio is appropriate for investors with a time horizon of three to five years. Risk level is considered low to moderate.

Typical Allocation: 30 - 40% Equity 60 - 70% Fixed Income/Cash

Sowell Bond . Objective: To produce current income. The management team will seek out interest-paying Exchange-Traded Funds (ETFs) and mutual funds that will provide current income given current market conditions and interest rate environments. This portfolio is appropriate for investors with a time horizon of three years or less. Risk level is considered to be low.

Typical Allocation: 100% Fixed Income/Cash

Sowell Tactical Aggressive Growth. Objective: The Tactical Aggressive Growth Strategy seeks to maximize capital appreciation. Current Income is not a consideration. The majority of the portfolio will generally be allocated to equities, with smaller allocations to fixed income and alternative asset classes. This portfolio could move 100% to cash or incorporate other hedging techniques such as market neutral or short investments in volatile markets. The primary goal is to capitalize on up markets and protect principal on down markets. Risk level is considered to be aggressive.

Sowell Tactical Growth. The Objective of this strategy is to provide capital appreciation. Equities are substantially emphasized. A meaningful allocation to fixed income and a smaller allocation to alternative asset classes can be made to reduce volatility. This portfolio could move 100% to cash or incorporate other hedging techniques such as market neutral or short investments in volatile markets. The primary goal is to capitalize on up markets and protect principal on down markets. Risk level is considered to be moderately aggressive.

Sowell Tactical Balanced. The Tactical Balanced Strategy seeks to provide long-term growth of capital and some current income. Equities are emphasized; though there is a substantial allocation to fixed income and small allocation to alternative asset classes. This portfolio could move 100% to cash or incorporate other hedging techniques such as market neutral or short investments in volatile markets. The primary goal is to capitalize on up markets and protect principal on down markets. Risk level is considered to be moderate.

Sowell Tactical Conservative. The Tactical Conservative Strategy seeks to provide current income with the opportunity for capital appreciation. The fixed income allocation range allows for a slightly greater allocation than the equity range. There will be a moderate allocation to equities and some exposure to alternative asset classes. This portfolio could move 100% to cash or incorporate other hedging techniques such as market neutral or short investments in volatile markets. The primary goal is to capitalize on up markets and protect principal on down markets. Risk level is considered to be moderate.

Sowell Tactical Preservation. The Tactical Preservation Strategy is predominately a fixed income portfolio with a small equity component as well as some exposure to alternative asset classes. The asset classes and sub-classes that comprise this portfolio seek to provide a current income stream along with some inflation protection. This portfolio could move 100% to cash or incorporate other hedging techniques such as market neutral or short investments in volatile markets. The primary goal is to capitalize on up markets and protect principal on down markets. Risk level is considered to be low to moderate.

Sowell Omni. Sowell Management may provide customized portfolios designed to meet specific needs of a client. These portfolios are designed with significant input from the solicitor based on the solicitors understanding of the clients risk tolerance and objectives.

Separate Account Individual Stock Management

Sowell Flagship Equity Growth Portfolio. Objective: To provide total returns by maximizing growth potential without regard for current income. This investment strategy purchases common stocks of domestic and international companies we have determined to be priced at a discount to fair market value, and sells when those stocks reach our assessment of fair value. This philosophy is referred to as GARP - "Growth-At-A-Reasonable-Price" and seeks to invest in both growth and value components of common stocks. At least 80% of the portfolio is invested in common stocks of companies with large-capitalizations (currently over \$3 billion), and also allows for purchases of some small and mid-size company stocks in the remainder of the portfolio. This portfolio is appropriate for investors with a time horizon of ten years or greater. Risk level is considered to be aggressive.

Typical Allocation: 90 - 100% Equity 0 - 10% Cash

Sowell Platinum Plus Portfolio. This portfolio of individual stocks, individual bonds, cash and alternative investments is designed specifically for the needs of the high net worth investor. Mutual Funds and Exchanged Traded Funds may be used as well, where the manager deems appropriate. The manager creates a portfolio based upon the investor's risk tolerance, liquidity needs, time horizon, tax considerations and other factors. The portfolio offers additional features over and above investment management that can be utilized by each client who has a particular, specific need, including but not limited to, cash management, tax management, restriction of holdings because of concentrated positions outside of the account, etc.

Risks.

There is principal and material risks involved which may adversely affect the account value and total return. There are other circumstances (including additional risks that are not described here) which could prevent your portfolios from achieving its investment objective. It is important to read all the disclosure information provided and to understand that you may lose money by investing in the any of our strategies.

Some funds used may have a portion of their assets invested in overseas markets. Investments in overseas markets pose special risks, including currency fluctuation and political risks. The portfolio is expected to be more volatile than that of a US-only portfolio. These risks are generally intensified for investments in emerging markets.

Your account is subject to the following risks:

- **Stock Market Risk** – The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.
- **Managed Portfolio Risk** – The manager's investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.
- **Industry Risk** – The portfolio's investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries may have a disproportionate impact on your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- **Non-U.S. Securities Risk** – Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political and economic instability.
- **Emerging Markets Risk** – To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- **Currency Risk** – The value of your portfolio's investments may fall as a result of changes in exchange rates.

DISCIPLINARY INFORMATION

Form ADV Part 2A, Item 9

The State of Arkansas found that William Sowell mistakenly allowed his Investment Adviser Representative registration to lapse while continuing to engage in investment adviser activities. The State required Mr. Sowell to pay a fine and waived the exam requirement. Mr. Sowell is now properly registered in the State of Arkansas.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Form ADV Part 2A, Item 10

This item does not apply to our business.

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

Form ADV Part 2A, Item 11

SMS and persons associated with us are allowed to invest for their own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information and other situations where there is a possibility for conflicts of interest. The Code of Ethics is designed to protect our clients by deterring misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of SMS, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether personnel are complying with the firm's ethical principles.

We have established the following restrictions in order to ensure its fiduciary responsibilities:

1. A director, officer or employee of SMS shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No director, officer or employee of SMS shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of SMS.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We emphasize the unrestricted right of the client to select and choose any broker-dealer (except in situations where we are granted discretionary authority) he or she wishes.
5. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; attn.: Chief Compliance Officer.

BROKERAGE PRACTICES

Form ADV Part 2A, Item 12

We recommend that if you need brokerage and custodial services to utilize Fidelity Institutional Wealth Services, a business unit of Fidelity Investments (“Fidelity Institutional”), TD Ameritrade Institutional, a division of TD Ameritrade, Inc. and member FINRA/SIPC or Pershing Advisor Solutions (“PAS”) We feel that these custodians will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker’s ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services.

Fidelity Institutional, PAS and TD Ameritrade are unaffiliated SEC-registered broker-dealer and FINRA members. TD Ameritrade, PAS and Fidelity Institutional offer to independent investment advisers, services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from these custodians through its participation in their programs. (Please see the disclosure under Item 14 below.)

In certain instances where we participate as a manager in an unrelated Wrap Fee Program, your assets may be required to be custodied at the broker/dealer or adviser that is sponsoring the program.

We will aggregate trades for ourselves, our associated persons and other clients with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker-dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client’s participation in the transaction;
4. We will prepare procedures specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, it will be allocated pro-rata based on the allocation statement;
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in our allocation procedure if all client accounts receive fair and

- equitable treatment and the reason for difference of allocation is explained in writing and is approved by our compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed.
7. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
 8. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement;
 9. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
 10. Individual advice and treatment will be accorded to each advisory client.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

REVIEW OF ACCOUNTS

Form ADV Part 2A, Item 13

A review is performed at least annually and may be reviewed as frequently as weekly for some accounts. The reviews are contingent on you maintaining a current advisory relationship with our Firm. William Sowell, President, Portfolio Manager and Chief Compliance Officer, Paul Jackson, Senior Vice President and Portfolio Manager, Lindsay Lingo, Operations Manager and Chris Magann, Portfolio Manager will review all existing accounts. The frequency of account review within that range is based on the complexity of the accounts, the nature of the advisory plan recommendations, and changes in tax or market conditions. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in personal circumstances.

Securities held in the individual Private Account Services portfolios are monitored daily and a full analysis of the individual equities takes place on a monthly basis. Accounts in the Asset Management Portfolio Program and Omni Portfolios will be analyzed quarterly.

If you are a client of other investment advisers, it is the responsibility of the other adviser's representatives to review the account with you and determine ongoing suitability and investment objectives. Any changes to account information should be provided to us by these representatives.

Reports are provided to you on a quarterly basis or as otherwise agreed upon with the client. The reports will include market analysis and performance summary.

CLIENT REFERRALS AND OTHER COMPENSATION

Form ADV Part 2A, Item 14

As disclosed under Brokerage Practices, we participate in TD Ameritrade's institutional customer program, Pershing Adviser Solutions and Fidelity Institutional Wealth Services. Accordingly, we may recommend TD Ameritrade, Pershing Adviser Solutions ("PAS") and/or Fidelity Institutional to you for custodial and brokerage services. There is no direct link between our participation in the program and the investment advice we give to you, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade/PAS/Fidelity retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from your account; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade/PAS/Fidelity Institutional may also have paid for business consulting and professional services received by our associated persons. Some of the products and services made available by TD Ameritrade, PAS and Fidelity Institutional through their programs may benefit us, but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at these custodians. Other services made available by TD Ameritrade/PAS/Fidelity Institutional are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade, PAS or Fidelity Institutional. As part of its fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade, PAS or Fidelity Institutional for custody and brokerage services.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Although receipt of these travel expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

We may enter into written referral agreements with third parties by which the third party may, from time to time, refer clients that may establish accounts and enter into advisory

relationships with us. In such circumstances, we agree to pay the third party a referral fee equal to a percentage of fees received by us from the referred client. The referral fee may be split between third parties who have jointly participated in referring a client to SMS. All referral agreements will be governed by and comply with Rule 206(4)-3 under the Investment Advisers Act of 1940.

CUSTODY

Form ADV Part 2A, Item 15

All client account assets are held by a qualified custodian. We periodically review clients' custody relationships to ascertain their effectiveness, responsiveness and costs. SMS, however, is not responsible for the actions of a client's custodian.

Clients should carefully review account statements received directly from the qualified custodian. We also urge you to compare the account statement you receive from your qualified custodian with the statements provided by us.

INVESTMENT DISCRETION

Form ADV Part 2A, Item 16

We have authority to supervise and direct on an ongoing basis your investments in accordance with your investment objectives and guidelines or your written Investment Policy Statement. We are authorized, in its discretion and without prior consultation with you to: (1) buy, sell, exchange and otherwise trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing.

You may specify in writing the markets or broker dealers to execute the securities transactions directed by us. In the absence of such specification, we shall employ such broker dealers and such markets as it, in its sole discretion, shall decide. We will not, however, employ a broker dealer affiliated with it without first disclosing the affiliation to you and obtaining your written consent, we shall not be liable for any act or omission of any broker dealer (other than an affiliated broker dealer employed with your written consent). You may instruct us in writing not to effect transactions through any particular broker/dealer. Executing securities transactions through such designated broker or dealer, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the Account than would otherwise be the case.

The limitations on investment and brokerage discretion held by SMS for you are:

1. For discretionary clients, we require that it be provided with authority to determine which securities and the amounts of securities to be bought or sold, as well as the broker-dealer to be used and the commission rates to be paid.
2. Any limitations on this discretionary authority shall be included in this written authority statement. You may change/amend these limitations as required. Such amendments shall be submitted in writing.
3. If you request that a particular broker-dealer be used to execute transactions in your account, we will not, as a matter of policy, negotiate such commission rates unless specifically requested to do so by you in writing. We deem the designation of a broker-dealer by you as a direction by you and you are willing to pay such broker-dealers normal commission rates. This could result in you paying higher commissions than otherwise may be available.
4. If you do not designate a broker-dealer for your account, we will determine in good faith the broker-dealer to be used based upon the following factors:
 - a. commission rates
 - b. the value of research products or services provided by the broker-dealer to us which research products or services provide lawful and appropriate assistance to us in the performance of our investment decision making responsibilities.

- c. other brokerage services provided by the broker-dealer to you such as collection of dividends, exchange or transfer of securities, and custody of securities and cash.

Research products and services received by us from broker-dealers will be used to provide services to all our clients.

VOTING YOUR SECURITIES

Form ADV Part 2A, Item 17

We will not vote proxies under its limited discretionary authority. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Should you have any questions about a particular solicitation, please contact SMS or your IAR.

FINANCIAL INFORMATION

Form ADV Part 2A, Item 18

We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to you.