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This brochure provides information about the qualifications and business practices of Stegent Equity Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 713-840-9300x4 and/or loyd@stegentequity.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Stegent Equity Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

The last annual update of this brochure was in March 2016. There have been no material changes since that update.

Table of Contents

Advisory Business	1
Fees and Compensation	2
Performance-Based Fees and Side-By-Side Management	3
Types of Clients	3
Methods of Analysis, Investment Strategies and Risk of Loss	4
Disciplinary Information	4
Other Financial Industry Activities and Affiliations	4
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	5
Brokerage Practices	6
Review of Accounts	7
Client Referrals and Other Compensation	7
Custody	7
Investment Discretion	8
Voting Client Securities	8
Financial Information	8

ADVISORY BUSINESS

Advisory Firm Description

Stegent Equity Advisors, Inc. ("SEA" or the "Firm"), a registered investment advisor, has been in business since October 1995. Registration does not require or imply a certain level of skill or training. The principal owner is Loyd J. Stegent, CPA/PFS, CFP®.

Types of Advisory Services

SEA provides personal financial planning and investment management services to its clients. Each of these services is described in more detail below.

SEA is responsible for the investment services provided by Loyd J. Stegent, PC and Cornelius, Stegent & Price, LLP personnel. SEA supervises personnel of Cornelius, Stegent & Price, LLP, a related public accounting firm, as they complete financial plans for SEA clients.

Personal Financial Planning and Investment Management Services

SEA provides personal financial planning services to a variety of distinct market segments:

- High net worth individuals
- Closely held business owners
- Charitable institutions and private foundations

In general, the personal financial planning services include:

- Assistance in defining and quantifying an individual's financial planning goals and priorities
- The evaluation of an individual's needs with respect to:
 - Income tax
 - Cash flow and retirement planning
 - Education funding alternatives
 - Risk management
 - Compensation planning

To this end, SEA prepares financial plans and analyses as well as personal financial statements reflecting net worth, cash flow and income tax projections.

SEA will also provide investment management (consulting and advising) services in conjunction with the personal financial planning services described above. These services include the following:

- Analyzing current portfolio, investment strategy and risk tolerance.

- Educating clients about investment principles and how to relate an investment plan to specific financial goals.
- Assisting in the drafting of an investment plan which would be reviewed and approved by the client.
- Developing asset allocation models to assist in the selection of asset classes that are consistent with the client's stated objectives, personal risk tolerance and overall financial goals.
- Assisting the client in the selection of securities, mutual funds and/or money managers that are compatible with the client's objectives, risk tolerance and financial goals. This assistance will be based upon published performance data and analyses by SEA.
- Placing trades in the client's account enacting the investment plan as outlined.
- Monitoring investment results and performance of a client's portfolio and/or money manager.
- Selecting and monitoring subadvisors when appropriate.

SEA may also publish and distribute to clients and others a newsletter containing items on general financial planning topics, income tax strategies, and investment awareness and education.

Tailored Advisory Services

Clients may restrict SEA from purchasing or selling particular securities. Each client may change these restrictions at any time by notifying SEA staff.

Client Assets Under Management

As of December 31, 2016, the Firm had \$151,100,000 of discretionary assets under management and \$1,800,000 of non-discretionary assets under management.

FEES AND COMPENSATION

SEA's fees may be negotiable depending upon the services rendered and will be based upon a percentage of the total value of the client's portfolio. Hourly fees for financial planning range between \$150 and \$350.

Fees based upon a percentage of the client's portfolio will generally range from 0.10% to 2.0% of assets under supervision per year, depending on the nature of the services provided and the portfolio size. Investment management fees are paid in advance on a quarterly basis, at the beginning of each calendar quarter, and may be deducted from client accounts. (Please see the section titled "Custody" for more details.) Fees for the initial quarter are prorated to the end of the quarter and are due upon execution of the

advisory agreement. If a client terminates the relationship with SEA mid-quarter, any unearned fees will be returned to the client.

Fixed fees may be offered on written financial plans, which typically range from \$2,500 to \$5,000, depending on the complexity of a client's financial situation. Half of the fee is due up front, with the remainder due upon presentation of the plan. If a client cancels within five business days, clients will be reimbursed any prepaid fees without penalty. If a client cancels within five to ten business days, all prepaid fees will be refunded after subtracting hourly fees for any staff time expended. After ten business days, no prepaid fees will be refunded.

Other Charges

When SEA recommends a mutual fund for a client's account, three separate fees may be charged to the client, either directly or indirectly. The first fee is SEA's investment management fee where the fund is included in the asset base for the quarterly fee calculation. The second is the set of internal fees charged by the investment company for the fund's investment management, marketing, administration and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each client by the custodian. (This set of fees also applies to any money market fund purchased in the client's account.) The third fee may be a transaction fee which is assessed by the custodian for its service of providing access to a universe of mutual fund families through one account. To avoid such fees a client would be required to open a separate account with each individual mutual fund company instead of using the custodian recommended by SEA, which would also negatively affect SEA's ability to deliver its services efficiently. Not all mutual fund trades enacted by SEA incur this transaction fee. No fund utilized by SEA pays remuneration back to SEA.

Additional Compensation

Mr. Stegent has an insurance agent's license and may offer insurance products to clients as appropriate. The client is given the option of having the insurance commission deducted from the financial planning fee or applied against investment management fees, eliminating the conflict of interest.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

This section does not apply to SEA.

TYPES OF CLIENTS

SEA provides investment advisory services to:

- Individuals
- High net worth individuals
- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- Corporations and other businesses

SEA has a minimum account size of \$750,000 and a minimum fee of \$1,875 per quarter. These minimums may be waived under certain circumstances. For example, they may be waived to accommodate accounts of an existing client's children which do not meet the stated minimums.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

SEA considers investments for client accounts in light of fundamental and technical analysis. Fundamental analysis entails using current data to evaluate an investment's current and expected price. Technical analysis reviews past performance of an investment's market price.

Trading for SEA client accounts is limited to general securities, ETFs, mutual funds and government securities, unless otherwise agreed to in writing by the client.

SEA maintains a buy and hold strategy, buying for the long-term rather than attempting to catch short-term market moves. SEA has developed several distinct investment strategies for its clients, rebalancing to "models" on at least an annual basis, but maybe as often as weekly, depending upon the size and objective of each account. These strategies range from very conservative to aggressive and are used in rebalancing as guidelines, depending upon a client's investment objective, age and risk tolerance.

SEA does not guarantee the future performance of the account or any specific level of performance, the success of any investment decision or strategy that the Firm may use, or the success of the Firm's overall management of the account. The client understands that investment decisions made for the client's account by the Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. The client understands that investing in any security entails risk of loss.

DISCIPLINARY INFORMATION

There have been no disciplinary actions against SEA or Mr. Stegent.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Mr. Stegent, President of SEA, is also President of Loyd J. Stegent, PC ("LJS, PC"), which has an ownership interest in Cornelius, Stegent & Price, LLP ("CSP, LLP"), a public accounting firm. Some of the clients of CSP, LLP may become investment advisory clients, and vice versa. SEA, LJS, PC, and CSP, LLP share common office space.

Mr. Stegent spends approximately 25% of his time as a practicing CPA.

Mr. Stegent has an insurance agent's license and may offer insurance products from various companies to clients as appropriate. He spends a minimal amount of time acting as an insurance agent. Please see the section titled "Fees and Compensation" for more details.

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

Code of Ethics

SEA has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”) and focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of SEA’s Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before the Firm’s interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees’ interests on the one hand and client and the Firm’s interests on the other.
- Employees must operate on the Firm’s behalf and on their own behalf consistently with the Firm’s disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of non-public information in conducting business for the Firm. Employees may not convey non-public information nor depend upon it in placing personal or clients’ securities trades.

Personal Securities Trading

SEA permits itself or its employees to purchase or sell recommended securities, as long as employee transactions exceeding \$100,000 in value occur after trades are placed for clients. The personal trading policy allows for trades to be placed in personal accounts

up to \$100,000 for highly liquid public equities. SEA's Code of Ethics also prohibits the purchase of IPOs or private placements without prior permission from Mr. Stegent, SEA's Chief Compliance Officer.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.

Outside Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or SEA will require that such activity stop.

BROKERAGE PRACTICES

SEA does not require clients to use any particular broker/dealer. SEA will recommend a broker/dealer based on costs, skills, reputation, dependability and compatibility with the client. The value of products, research or services provided to SEA or a related person is not a factor in broker/dealer selection. SEA does not receive any sales commissions from any broker/dealer utilized by the client.

SEA recommends only one custodian, TD Ameritrade, as custodian for its clients' accounts, although SEA does not require that trades be executed by the custodian. The custodian has been selected for its access to investment products, efficiency of operation, provision of electronic downloads to SEA, as well as availability of its information over the internet to clients. Clients must sign applications in order to open accounts with any custodian.

Research and Other Soft-Dollar Benefits

SEA has no formal or informal soft-dollar relationships, where commissions generated by client transactions are used to purchase research or other services that might benefit all clients of the Firm. TD Ameritrade does provide SEA with access to industry information, newsletters, seminars and conferences in the package of services it provides all investment advisors using its custodial services. TD Ameritrade provides these services in its effort to compete for the Firm's custodial business rather than on a soft-dollar basis.

Brokerage for Client Referrals

The Firm does not receive referrals from a broker/dealer or third party providing service to SEA.

Directed Brokerage

Some clients may choose to execute trades through broker/dealers with whom they have an existing relationship. In this instance, the Firm cannot meet its fiduciary duty to

obtain best execution for transactions enacted for clients, and clients selecting their own broker may pay more than those using those selected by SEA.

Order Aggregation

Generally, SEA does not trade for clients in blocks or “bunches” because mutual funds tend to be the preferred investment vehicle. Therefore, each trade is placed separately for each client on the TD Ameritrade electronic trading platform. However, if an ETF or stock position is being taken in or sold from a large number of client accounts during the same rebalancing period, then a block trade may be utilized if Mr. Stegent views it as beneficial to the clients’ ability to obtain the best price. All block trades will be allocated by close of business on the day of the trade and all participating accounts receive the same price.

When an aggregated order is only partially filled (and there is no reasonable expectation that the entire transaction will be completed within a reasonable period), the order will generally be allocated to participating clients on a *pro rata* basis based upon the relative amounts allocated in the preliminary allocation.

REVIEW OF ACCOUNTS

SEA reviews managed accounts on at least an annual basis, but could be as often as weekly, depending upon the size and objective of each account. The calendar is the triggering factor for all account reviews. Accounts at other money managers are reviewed when SEA receives their statements, usually on a quarterly basis.

Mr. Stegent reviews all client accounts for consistency with investment allocations of the model portfolio being utilized.

Performance reports are provided quarterly by SEA and realized gain and loss statements are provided annually, but more frequently if requested by client. SEA will provide unrealized gain and loss statements upon request at any time.

CLIENT REFERRALS AND OTHER COMPENSATION

SEA does not pay outside parties to solicit clients.

CUSTODY

Because SEA generally has the authority to instruct the account custodian to deduct the investment management fee directly from the client’s account, SEA is considered to have “custody” of client assets. Custody is defined as having any access to client funds or securities. This limited access is monitored by the client through receipt of account statements directly from the custodian. These statements all show the deduction of the management fee from the account. Otherwise, SEA may only direct the movement of funds from one account in the client’s name to another such titled account, but has no other access to funds.

When clients receive their statements from the account custodian, they should carefully review those statements and take the time to compare them with those received from SEA. If the client finds significant discrepancies, the custodian and SEA should be notified.

INVESTMENT DISCRETION

SEA manages most client accounts on a discretionary basis. The discretionary authority is restricted by the limited power of attorney assigned to SEA, granting SEA only trading authority, fee deduction and receipt of duplicate statements and confirmations. Trading is limited to general securities, ETFs, mutual funds and government securities, unless otherwise agreed to in writing by the client. Nondiscretionary accounts are managed for clients not willing or unable to provide limited power of attorney to SEA.

VOTING CLIENT SECURITIES

SEA does not vote proxies or participate in class action shareholder suits on behalf of clients. Clients receive proxy material directly from their account custodian by either email or U.S. mail. Clients may address questions concerning any proxy or class action matter to SEA personnel.

FINANCIAL INFORMATION

SEA is not required to provide financial information, as it does not have custody of client assets beyond the deduction of investment management fees from client accounts.