



2700 Post Oak Blvd, Suite 1700  
Houston, TX 77056  
713-965-9510

## Form ADV, Part 2A, Appendix I Sunbelt RD Wrap Fee Program Brochure

March 31, 2024

This Brochure provides information about the qualifications and business practices of Sunbelt Securities, Inc. ("Sunbelt"). If you have any questions about the contents of this Brochure, please contact us at 713-965-9510. 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.

Sunbelt Securities, Inc. is a Registered Investment Adviser. Registration as an Investment Adviser does not imply any level of skill or training.

Additional information about Sunbelt Securities, Inc. and its Investment Adviser Representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

The purpose of this page is to provide a summary of material changes.

Client accounts custodied at National Financial Services will be charged a quarterly fee of \$10.00 per quarter for paper statements. Clients can avoid this charge by signing up for electronic delivery of their statements.

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## Item 4 – Advisory Business

Sunbelt Securities, Inc. (“SUNBELT” or “Sunbelt”) was formed in 1995 as a corporation organized under the laws of the State of Texas. Sunbelt is not a publicly traded corporation, and no one owns 25% or more of the company.

Sunbelt is registered as a broker/dealer and as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”). Sunbelt is a member of the Financial Industry Regulatory Authority (“FINRA”), the Municipal Securities Rulemaking Board (“MSRB”) and the Securities Investor Protection Corporation (“SIPC”). Registered Persons affiliated with Sunbelt Securities, Inc. recommend certain securities for which they receive a commission, markup or markdown. Registered Persons affiliated with Sunbelt Securities, Inc., who offer various advisory services for which they receive a fee are called Investment Advisory Representatives (“IARs”). For purposes of this document, Sunbelt Securities, Inc. (“Sunbelt”) refers to its registration as a Registered Investment Adviser. The advisory services offered through Sunbelt Securities, Inc. are described in this Disclosure Brochure.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Sunbelt Securities, Inc. and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm. "IAR" refers to your financial professional (also known as an investment adviser representative) in their role of providing investment advice on behalf of SUNBELT.

Sunbelt’s IARs may offer the following services to their clients:

- A. Sunbelt Rep Directed Wrap Fee Program;
- B. Financial Planning and Non-Asset Management Services; and
- C. Recommendation of Third-party Money Managers/Sub-Advisors.

Below is specific information about each service:

### **The Sunbelt RD Wrap Fee Program**

The Sunbelt Rep Directed Wrap Fee Program (“Sunbelt RD”) is a wrap program designed to provide investment advisory services to the client by a Sunbelt IAR through an Investment Advisory Agreement - Wrap (“Agreement”) and to assist in the determination of an asset allocation utilizing selected securities designed to meet the client’s individual investment needs and goals. Generally, the client must invest a minimum of \$25,000.00 to open a Sunbelt RD account, however this requirement can be waived at the discretion of Sunbelt.

Through Sunbelt RD, Sunbelt’s IARs provide discretionary portfolio management services where the investment advice provided is tailored to meet the needs and investment objectives of the client. At the inception of the relationship, the IAR will gather relevant

information from the client such as the client's risk tolerance, investment objectives and other relevant information and will recommend an initial portfolio to the client.

Pursuant to a grant of discretionary authority, subject to any written guidelines or restrictions the client may set, the IAR executes transactions without further approval from the client. Once the portfolio is constructed, the IAR monitors the account on a continuous basis and re-balances the portfolio as changes in market conditions and client circumstances may require.

A wrap pricing structure allows the client to pay an inclusive fee for account management, brokerage, and clearance. Sunbelt RD accounts are not managed differently from non-wrap fee accounts. A portion of the fee is paid to the IAR and to Sunbelt for the respective services of each. Clients should consider that, depending upon the level of the wrap fee charges, the amount of portfolio activity in their accounts, the value of services that are provided under the investment program and other factors, the wrap fee may or may not exceed the aggregate cost of services if they were to be provided separately. Generally, wrap programs are relatively less expensive for actively traded accounts; however, wrap programs may result in higher overall costs to the client in accounts that experience infrequent trading activity.

Clients opening a Sunbelt RD should receive a copy of the Sunbelt RD Wrap Fee Program Brochure. The Sunbelt RD Wrap Fee Program Brochure contains additional information concerning wrap programs in general and the Sunbelt RD program in specific, including disclosure of fees payable by the client.

### **Financial Planning and Non-Asset Management Services Program**

Sunbelt's Financial Planning and Non-Asset Management Services Program ("Financial Planning Services") do not involve the active management of client accounts, but instead focus on a client's overall financial situation. Financial planning typically involves helping individuals determine and set long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas.

Upon execution of the Financial Planning Agreement, the client's IAR will provide financial planning services in the form of a written financial plan. Area(s) that may be addressed include, but are not limited to:

- Cash Flow Analysis;
- College Planning;
- Tax Planning;
- Liability Review;
- Retirement Planning;
- Insurance Review; and/or
- Estate Planning

Following are important items that Financial Planning Services clients should be aware of:

- The U.S. Department of Labor uses the term “fiduciary” to describe persons who provide advice and/or services to Employee Retirement Income Security Act (“ERISA”) qualified retirement plans. Persons or organizations requesting these types of services are strongly advised to consult with attorneys and tax advisors who are familiar with ERISA regulations that affect retirement accounts to ensure that the retirement plan follows all applicable regulations. While Sunbelt’s IARs may offer some advice, they may not act as an administrator of the retirement plan itself.
- When Sunbelt IARs advise clients on securities and/or accounts which are not held at Sunbelt, the IAR offers advice only. The accounts are not discretionary—the IAR will not be able to make any changes within the account(s). Clients may request that their chosen IAR advise them on asset allocation within those accounts. As Sunbelt and IAR are unable to view the accounts directly, the client must provide the IAR with updated account statements, listings of available choices within the account and the amount and regularity of contributions. In these situations, the IAR will provide the client(s) with allocation advice; however, the client is responsible for completing the transactions within the account. The client may not give usernames and passwords to the IAR for accounts.
- Financial Planning Services offered by IARs should not be considered comprehensive and clients are advised to consult with other professionals including but not limited to accountants, tax advisors, attorneys, insurance professionals, etc. for a more comprehensive review and evaluation of the effects of advice offered by the IAR on a client’s particular situation.
- The services provided through Financial Planning Services are based on the client’s financial situation at the time and are based on the financial information disclosed by the client to IAR. clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. Sunbelt cannot offer any guarantees or promises that the client’s financial goals and objectives will be met. As the client’s financial situation, goals, objectives or needs change, the client should notify the IAR promptly.

### **Recommendation of Third-party Money Manager/Sub-Advisor**

After gathering information about a client’s financial situation, investment objectives, risk tolerance and other data, an IAR of Sunbelt may assist the client in selecting a particular Third-party Money Manager/Sub-Advisor. IARs may utilize several factors in determining a prudent Third-party Money Manager/Sub-Advisor including but not limited to performance, investment objectives, fees and methods of analysis, and comparing those factors to the client’s goals and objectives (determining risk tolerance and investment styles).

Sunbelt's IARs may refer a client to one of various Third-party Money Managers/Sub-Advisors for asset management services. Third-party Money Manager/Sub-Advisors may have differed minimum account requirements and a variety of fee ranges. All securities transactions are decided upon and executed by the Third-party Money Manager/Sub-Advisor. IARs may contact the client periodically and may review the client's financial situation, objectives, and restrictions and communicate information to the Third-party Money Manager/Sub-Advisor; and may assist the client in understanding and evaluating the services provided by the Third-party Money Manager/Sub-Advisor.

Clients who are referred to a Third-party Money Manager/Sub-Advisor are directed to the disclosure document for the Third-party Money Manager/Sub-Advisor and any separate written agreement(s) between the client and the Third-party Money Manager/Sub-Advisor for more complete information regarding the terms and conditions of the client's relationship with the Third-party Money Manager/Sub-Advisor.

Each Third-party Money Manager/Sub-Advisor maintains its own separate execution, clearing and custodial relationships.

When clients are referred to Third-party Money Manager/Sub-Advisors, the IAR does not manage the client's assets. The assets are directly managed by the selected Third-party Money Manager/Sub-Advisor.

## **Other Important Information Regarding these Programs**

### Types of Investments

Sunbelt IARs may advise you on various types of investments based on your stated goals and objectives including, but not limited to, equities, fixed income, mutual funds, options, alternative investments and variable annuities. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. Refer to *Item 8, Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

### IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.



When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Changes In the client's Circumstances**

Clients are advised that changes in your financial situation, investment objectives, tolerance for risk, or investment time horizon may cause the program or strategy selected by the client to no longer be suitable. In the event of any change, the client should contact their IAR or SUNBELT promptly in order to identify another program or strategy, if required.

### **Negotiability of Program Fees, Account Minimums, & Other Terms**

For all services, we have the discretion to negotiate our fees, minimum account size, minimum annual fees, and other terms of each client's relationship with us, and to negotiate alternative fees, minimums, or other terms on a client-by-client basis.

When considering and negotiating these matters, we usually consider, among other factors, the dollar amount of assets to be placed under management by the client and related accounts, anticipated future revenues and anticipated future additional assets or accounts from the client or related persons, and other existing or anticipated relationships. We may elect, in our discretion, to aggregate related client accounts for the purpose of achieving the minimum account size requirements and determining annualized fees. Waivers, discounts or more favorable terms not generally available to other clients may be offered to family members and friends of our current and former employees and affiliates. The specific terms of each client's advisory relationship will be agreed upon in writing by SUNBELT and the client.

There are risks associated with any investment or advisory service. There is no guarantee of success for any particular investment or strategy, and it is possible that some, or all, of your principal could be lost. Past performance is not a guarantee of future performance; You invest at their own risk.

Tax implications are a critical component of any investment strategy. Therefore, depending on the strategy that you choose to implement, it is possible that any trading activity could result in a taxable event and lower investment return. Investments may have tax or legal consequences, so you should contact your own tax professional and attorney to answer your questions about specific situations or needs.

When investing in mutual funds, variable annuities and alternative investments, you are strongly encouraged to review the applicable prospectus. Mutual funds, variable annuities and certain variable annuity riders may impose certain restrictions on the frequency, timing and dollar amount of transactions and may impose penalty fees based upon short-term trading patterns. These restrictions may impact the services provided by the IAR or a Third-party Money Manager/Sub-Advisor.

As of December 31<sup>st</sup>, 2023, the total amount of assets managed by Sunbelt's IARs on a discretionary basis is \$1,907,674 and \$0 on a non-discretionary basis. Discretion means that an IAR does not need prior permission to conduct transactions or render advisory services in client accounts.

## **Item 5 – Fees and Compensation**

Clients should note that the same or similar service to those described in Item 4 above may be available elsewhere at a lower cost to the client.

This section of the Brochure lists additional information concerning fees and compensation for all investment advisory services available through Sunbelt:

- IARs are compensated for their advisory services by charging an advisory fee ("Fee") based on a percentage of the value of the assets in the client's account. The annual Fee for Sunbelt RD is negotiable at the discretion of Sunbelt depending upon a number of factors including, but not limited to, the amount of the assets under management, the nature and extent of account relationships between Sunbelt and its affiliates with the client, the type and complexity of services requested, and other factors that the IAR deems relevant. The maximum Fee is 2.50% of the client's assets under management, charged monthly. The Fee will apply to the entire balance of the account, including cash and money market balances.
- The Fee is based on the asset value of a client's account on the last day of the previous month charged in advance and is normally deducted monthly directly from the client's account.

- In addition to the advisory fees, clients will be charged all annual maintenance fees, custodial fees and termination fees within a Sunbelt RD account, including but not limited to, the following pricing schedule established by National Financial Services, LLC (“NFS”) and Charles Schwab Advisory Services, LLC (“Schwab”). Unless otherwise stated, all charges listed below are on a “per event” basis and do not include any markup on the charges.

## **National Financial Services LLC Account and Service Fees**

### **Account Fees**

Annual IRA Maintenance Fee	\$35.00 per account per year
IRA Transfer Fee/Closing Fee	\$160.00 per account
TOA Deliveries (ACAT Exit Fee)	\$100.00 each
Legal Transfers	\$150.00 per issue
Legal Returns	\$75.00 per issue
Transfer and Ship (DRS-Eligible)	\$15.00 each
Transfer and Ship (Non-DRS– Eligible)	\$500.00 each
Trade and Margin Extensions	\$12.00 each
Mailgrams	\$5.00 per mailgram
Physical Reorganizations	\$150.00 per event
Bounced Check Fees	\$25.00 each
Stop Payments	\$25.00 each
Annual Custody Fee (applies only to inactive accounts)	\$50.00 per year
Wire Transfer	\$25.00 per wire
Foreign Securities Transfer	Pass through fees
Safekeeping	\$15.00 per certificate/ month
Restricted Stock Transactions (Full Service)	\$150.00 each
Restricted Stock Transactions (Sell Without Approval)	\$40.00 each
Mutual Fund Surcharge for Funds not in Fidelity Partner Program	\$10.00 per transaction
Brokerage Account Trade Service Fee	\$5.50 per trade
Advisory Account Trade Service Fee	\$1.00 per trade
Paper Account Statements Fee	\$10.00 per Quarter

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### **Alternative Investments**

Initial Purchase Redemptions	\$50 per trade
Transfer/Re-registration	\$50.00 per trade
Annual Custody & Valuation Registered Investments	\$35.00 per investment
Annual Custody & Valuation Non-Registered Investments	\$125 per investment

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**Cash Management Features**

Standard Brokerage Annual Account Fee (unlimited bill pay & ACH)	\$10.00 per year
Standard Brokerage Annual Account Fee (unlimited bill pay & ACH) with Checks	\$15.00 per year
Brokerage Portfolio (unlimited use of all features and rewards)	\$100.00 per year
Brokerage Portfolio (unlimited use of all features and rewards) with Card	\$110.00 per year

**Charles Schwab Advisory Services LLC Account and Service Fees****Account Fees**

Transfer and Ship (currently in physical form)	\$100.00 each
Transfer and Ship (currently held in street name)	Variable cost
Security Reorganization	\$9.95 each
Transfer of Title of Securities	\$25.00 per position
Foreign Securities Transfer	Pass through fees
Safekeeping	\$15.00 per certificate/ month
Restricted Stock Transactions (Full Service)	\$150.00 each
ACAT / Transfer Out	\$50.00 per account
Overnight Fee	\$8.50 per event
Insufficient Funds Fee	\$25.00 per item
Wire Transfer	\$25.00 per transfer
Annual Custody Fee (non-public securities)	\$250.00 per position/\$500 maximum charge

- SEC fees will be assessed on liquidations at the effective SEC rate and are also the responsibility of the client.
- If a Sunbelt Advisory account is terminated, the advisory fee will be pro-rated for the month in which the agreement was cancelled. The pro-rated amount will be based upon the number of days remaining in the month after cancellation. The Fee for that number of days will be returned to the client's account, minus any custodial and termination fees that were not paid earlier in the month.
- Advisory fees due must be paid monthly in advance unless agreed to in writing.
- Sunbelt does not allow mutual fund shares that pay commissions, upfront or as a trail, to be purchased or otherwise held in a Sunbelt Advisory account. If such a share

class is inadvertently purchased or delivered into a Sunbelt advisory account, the share class is automatically converted by NFS and any commissions or 12b1 fees inadvertently received are credited back to the client's account.

- Neither Sunbelt nor IAR receives compensation from the sale of securities or other investment products, including but not limited to, investment company securities, variable products or other assets purchased within advisory accounts. These products, however, may have additional internal expenses such as custodial fees, account maintenance fees, fund manager fees that the client will pay indirectly through the cost of the fund or investment. These expenses are in addition to any advisory fee and result in increased costs to the client.
- Clients have the option to purchase investments recommended by Sunbelt's IARs through other persons who are not affiliated with Sunbelt.
- IAR's advisory fees will be paid directly to Sunbelt by way of the qualified custodian holding the client's funds and securities. Advisory fees will be assessed pro rata based upon the number of days remaining in the month in the event the account Agreement is entered into at any time other than the first day of the month.
- If assets are deposited in a Sunbelt Advisory account after the beginning of the month and are equal to or more than \$10,000, the advisory fee chargeable with respect to such assets as of the calculation date will be pro-rated based on the number of days during the month the assets were held in the Sunbelt Advisory account. If assets are withdrawn from a Sunbelt Advisory account after the beginning of the month, the client will not receive a pro-rated rebate of advisory fees paid, unless the Sunbelt Advisory account is closed.

## **Financial Planning Services**

Compensation for Financial Planning Services is structured as a fee that is negotiable at the sole discretion of the IAR depending upon a number of factors including, but not limited to, the amount of the assets being reviewed, the nature and extent of account relationships between Sunbelt and its affiliates with the client, the type and complexity of services requested and other factors that the IAR deems. The fee for the services shall be a total fixed fee which cannot exceed \$3,000.00. The client may choose to pay the fee either by writing a personal check (made payable to, "Sunbelt Securities, Inc.") or by granting written permission to debit the fees from an existing account at Sunbelt. The fee may be payable annually, semi-annually or quarterly according to the terms noted in the Financial Planning Agreement.

For services that will be provided for a flat fee, or one-time only services, the Financial Planning Agreement will no longer be in effect once the services have been completed by the IAR and the client has paid for the services.

For ongoing Financial Planning Services, Sunbelt, IAR or the client may, upon written notice to the others, end the Financial Planning Agreement. In the event of cancellation, Sunbelt and/or the Investment Adviser Representatives may decide the amount to be charged to the client based upon the time and resources expended. Generally, clients will be charged for the portion of work performed and any unearned fees will be refunded to the client, as applicable.

Sunbelt and the IAR may receive compensation in the form of commissions, markups, markdowns or advisory fees for the sale of securities or other investment products provided or sold to the client following the provision of Financial Planning Services. This compensation will be in addition to any financial planning fee and will result in increased costs to the client. This practice presents a conflict of interest. To combat these conflicts, clients to whom Sunbelt offers financial planning services are informed that they have the option to purchase investments recommended by Sunbelt's IARs are free to select any broker/dealer, investment advisory firm or insurance agency for implementation of the advice and recommendations provided by Sunbelt's IAR.

### **Third-Party Money Manager/Sub-Advisor**

- Sunbelt's IAR will receive a portion of the fee charged by the Third-party Money Manager/Sub-Advisor.
- Clients should be aware that Third-party Money Managers/Sub-Advisors may not be willing to negotiate their fees and Sunbelt is not authorized to negotiate Third-party Money Manager/Sub-Advisor's fees.
- Fees charged to the client by Third-party Money Manager/Sub-Advisors are debited directly from the client's account. Compensation for Third-party Money Manager/Sub-Advisor accounts generally consists of: i) Management and advisory fees shared by the Third-party Money Manager/Sub-Advisor, Sunbelt and its IARs; ii) Transaction costs for the underlying securities; and iii) Custody fees.
- Some Third-party Money Manager/Sub-Advisors' fees may be separate from any advisory fee charged by Sunbelt.
- Fees paid by the client to Third-party Money Manager/Sub-Advisors are established and payable according to the Third-party Money Manager/Sub-Advisor's fee schedule. Third-party Money Manager/Sub-Advisor accounts can only be closed by following the process described in the Third-party Money Manager/Sub-Advisor's disclosure documentation. Refunds of pre-paid fees may be obtained by the client as noted in the Third-party Money Manager/Sub-Advisor's client agreement.
- Investment company securities and variable life products have internal expenses such as custodial fees, internal administrative fees and/or a portion of fund manager fees that the

client will pay indirectly through the cost of the fund. This compensation will be in addition to any advisory fee and will result in increased costs to the client. This practice presents a conflict of interest. To combat these conflicts, Sunbelt's IARs will provide, at the time of opening a Third-Party Money Manager's/Sub-Advisor's account, the client with the applicable Third-Party Money Manager's/Sub-Advisor's disclosure statement and account documentation, explaining the role and fees of Sunbelt, its IARs and the Third-Party Money Manager/Sub-Advisor.

- Clients have the option to purchase investments recommended by Sunbelt's IARs through other persons who are not affiliated with Sunbelt.

## **Item 6 – Performance-Based Fees and Side-by-Side Management**

Advisory fees that are based upon a share of capital gains or capital appreciation of assets of an advisory client are commonly referred to as "performance-based fees." Sunbelt does not collect, nor does it permit its IARs to accept, performance-based fees. Sunbelt does not engage in side-by-side management.

## **Item 7 – Types of Clients**

Sunbelt, through its IARs, offers investment advisory services to retail, entity and institutional clients. Prior to opening an investment advisory account or engaging an IAR for any service through Sunbelt, clients must complete a Sunbelt Brokerage Application and/or Customer Profile Form and any additional account documentation, contracts and/or agreements.

Sunbelt Advisory accounts require a minimum investment of \$25,000. This may be waived at the discretion of Sunbelt. No minimum investment is required for Financial Planning Services.

Clients wishing to participate in a Third-party Money Manager/Sub-Advisor program are advised to review the account opening documentation, as the minimum investment amounts vary for each program specific to that Third-party Money Manager/Sub-Advisor.

All types of advisory programs offered through Sunbelt may require that clients maintain these minimum investment amounts after the account opening to continue receiving the services chosen by the client.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Sunbelt IARs use various methods of analysis and investment strategies. Methods and strategies will vary based on the Sunbelt IAR providing advice. Models and strategies used by one IAR may be different than strategies used by other IARs. Some Sunbelt IARs may use just one method or strategy while other IARs may rely on multiple. Sunbelt does not require or mandate a particular investment strategy be implemented by its IARs.

Further, Sunbelt has no requirements for using a particular analysis method and Sunbelt IARs are provided flexibility (subject to Sunbelt's supervision and compliance requirements) when developing their investment strategies. Each IAR affiliated with Sunbelt selects from a variety of sources from which they obtain information and data concerning securities, which they use to formulate their individual investment strategy(ies). clients are advised to become familiar with the sources of information used by their IAR and to ask any questions that they may have regarding those information sources. Prior to investing clients should ensure that they understand and agree with the method(s) of analysis and investment strategy(ies) used by their IAR.

The following sections provide brief descriptions of some (not all) of the more common methods of analysis and investment strategies that are used by Sunbelt IARs.

### **Methods of Analysis**

- **Fundamental.** Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, trying to determine a company's or security's true value by looking at all aspects of the business, including both tangible factors (e.g., machinery buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).
- **Technical.** This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.
- **Charting.** Charting is the set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.



- **Cyclical.** This method of analysis focuses on the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. The stock price of a cyclical company will often rise just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

Prior to investing, clients should ensure that they understand and agree with the method(s) of analysis used by their IAR.

## **Investment Strategies**

- **Long Term Purchases.** Investments held at least a year.
- **Short Term Purchases.** Investments sold within a year.
- **Short Sales.** A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.
- **Margin Transactions.** When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying \$2,500 and borrowing \$2,500 from a brokerage firm.
- **Option Writing** including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.
- **Tactical Asset Allocation.** Allows for a range of percentages in each asset class (such as Stocks = 40- 50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.
- **Strategic Asset Allocation.** Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

- **Market Timing Services.** Some Sunbelt IARs may provide a market timing service as a, or as part of, an investment strategy. In general, market timing is a strategy where the Sunbelt IAR will try to identify the best times to be in the market and when to get out. This service is designed to take advantage of stock market fluctuations by being invested based on the anticipated market direction. Clients should be aware that this strategy is considered an aggressive, higher-risk investment strategy.
- **Modern Portfolio Theory.** Proposes that investing in a predetermined asset mix derived from the efficient frontier (dictated to achieve a specific client objective within a certain risk tolerance) and rebalancing with discipline, the portfolio is diversified across the various asset classes to mitigate unnecessary risk. This also provides for a portfolio that can operate without reliance on market timing and security selection; however, as with all equity investments positive returns are not guaranteed. In conjunction to investing in a diversified portfolio, each portfolio is constructed to meet specific parameters set forth in the individual client's investment needs and goals. These parameters can include, but are not limited to, tax efficiency, concentrated stock positions and management history.

Prior to investing, clients should ensure that they understand and agree with the investment strategy(ies) used by their IAR.

## **Risk of Loss**

Investing in securities involves the risk of loss of principal that clients should be prepared to bear. All securities are subject to some level of risk which could cause the value of the client's securities to decrease in value, and in some cases, could result in a loss of the client's entire investment. Furthermore, clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Further, depending on the different types of investments there may be varying degrees of risk. clients need to be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Sunbelt and its IARs cannot represent, guarantee, or even imply that our services and methods of analysis can or will predict future results; successfully identify market tops or bottoms; or insulate a client from losses due to market corrections or declines.

The following are some types of risk that could affect the value of a client's portfolio:

- **Alternative Investment Risk:** Alternative investments, including private placements, are subject to substantial risks, including the absence of a public market, limited

transferability, lack of liquidity, payment of significant fees to the general partner(s), and the potential for total investment loss. The alternative investment's ability to achieve its objectives and to pay its distributions (when applicable) depends on the sponsor's ability to appropriately invest, manage and/or operate the underlying investments within the offering.

- **Business Risk:** Whether because of management or unfortunate circumstances, some businesses will inevitably fail. This is especially true during economic recessions. For example, a company stock may become worthless in the event of a bankruptcy, which would result in a loss of capital to the shareholders.
- **Currency or Exchange Rate Risk:** Foreign securities face the uncertainty that the value of either the foreign currency or the domestic currency will increase or decrease; either of which may cause the value of the client's portfolio to fluctuate.
- **ETF and Mutual Fund Risk:** When investing in an ETF or a mutual fund, there are additional expenses based on a client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Leveraged and inverse ETFs may not be suitable for all investors and have unique characteristics and risks.
- **Foreign Risk:** Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market or economic developments and can perform differently from the U.S. market. Special risks associated with investments in foreign companies include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political instability and differing auditing and legal standards.
- **Inflation Risk:** Uncontrolled inflation reduces the buying power of a dollar and may cause uncertainty among individual investors, possibly resulting in corporations backing away from projects which could further reduce the value of corporate equities.
- **Interest Rate Risk:** If the Federal Reserve pushes interest rates higher, the market prices of bonds may be affected. When interest rates rise, the market price of bonds falls.
- **Issuer-Specific Risk.** The value of a specific security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. The value of securities of smaller issuers can be more volatile than that of larger issuers. The value of certain types of securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market or economic developments.

- **Liquidity Risk:** Certain investments lack liquidity or the ability to access their principal quickly, without incurring substantial penalties, or the inability to sell the investment until sometime in the future.
- **Margin Risk:** Margin values could significantly increase if the position goes against the client.
- **Market Risk:** The risk that changes in the overall market will have an adverse effect on individual securities, regardless of the issuer's circumstances.
- **Opportunity Risk:** You or your IAR may choose a conservative product to invest in, which could cause the client to miss out on market upswings which may have increased the value of securities with higher risk. The opposite is also true; market downturns could cause the client to lose a significant amount of principal invested in higher risk securities, when their funds could have been invested in lower risk options.
- **Options Risk:** Holding options for long-term periods could weaken and/or reduce the value of the underlying stock or create the possibility of a worthless position.
- **Portfolio Turnover Risk:** Portfolio turnover refers to the rate at which investments are replaced. The higher the rate, the higher the transaction and brokerage costs associated with the turnover which may reduce the return, if any, unless the securities traded can be bought and sold without corresponding commission costs. Active trading of securities may also increase a client's realized capital gains or losses, which may affect a client's tax obligation.
- **Regulatory Risk:** Legislative, regulatory and/or judicial changes that impact businesses can drastically change entire industries.
- **Reinvestment Risk:** clients may be unable to make additional purchases of a security already in their portfolio at the same rate at which the original purchase was made.
- **Short Sale Risk:** Positions have unlimited capability to increase in value, which in turn increases the client's risk, as they would be required to purchase the securities at a high rate in order to cover the short sale.
- **Transactional Cost Risk:** The client may incur significant transactional charges in an actively traded account. Frequent trading can decrease the value of a client's account due to increased brokerage and transaction costs. In addition, frequent trading may cause taxable events to occur, which could increase the client's tax burden.

Clients should understand and be willing to accept these and other types of risks before choosing to invest in securities or receive investment advisory services. Prior to investing, clients should ensure that they have discussed and understand the types of risk(s) associated with the method(s) of analysis and investment strategy(ies) used by their IAR.

## **Item 9 – Disciplinary Information**

Sunbelt has not been the subject of any disciplinary events within the past 10 years.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Sunbelt is registered as a broker/dealer and as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”). Sunbelt is a member of the Financial Industry Regulatory Authority (“FINRA”), the Municipal Securities Rulemaking Board (“MSRB”) and the Securities Investor Protection Corporation (“SIPC”).

Below is information that all clients should be aware of concerning areas of potential conflicts of interest:

### **Broker/Dealers**

As stated under Item 4, Sunbelt is dually registered as both a broker/dealer and as a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). clients may purchase securities which result in the payment of commissions through Sunbelt in its capacity as a broker/dealer. If clients receive continuous asset management services and are charged a fee for assets under management through Sunbelt in its capacity as a registered investment adviser, they will not be charged a commission on these transactions. This creates a conflict of interest and clients are advised as to the capacity through which individual products or services are offered and the type of payment that will be received.

Clients who receive Financial Planning Services from Sunbelt IARs are not required to purchase securities through Sunbelt. IARs receive commissions, markups or markdowns as registered persons in connection with other securities transactions but never for transactions executed for advisory accounts. This ability to charge commissions is a conflict of interest. However, Sunbelt mitigates this conflict by reviewing to ensure that the IARs put their clients’ interests ahead of their own.

Clients are under no obligation to purchase products or services recommended by the IAR or through the IAR or otherwise through Sunbelt. Clients are free to implement recommendations through any broker/dealer or investment adviser. If the client requests that the IAR recommend a broker/dealer, the IAR will recommend Sunbelt; however, the client is under no obligation to effect transactions through Sunbelt.

The account custodian (i.e. National Financial Services, LLC or Charles Schwab Advisory LLC) executes trades, settles securities transactions and custodies client assets in general securities accounts and investment advisory accounts. The commissions and/or transaction fees charged by Sunbelt and NFS may be higher or lower than those charged by other broker/dealer/custodians. Further, the fees charged by Sunbelt and NFS, or any other designated broker/dealer/custodian, may be exclusive or, and in addition to, Sunbelt investment advisory fees paid to IARs.

### **Independent Registered Investment Advisers**

In addition to or in lieu of their registration as IARs of Sunbelt, certain Registered Persons have chosen to set up and register their own investment adviser entities or become registered with other non-affiliated investment advisers. A Sunbelt IAR may establish or be affiliated with a separate Registered Investment Adviser which is referred to as an Independent Registered Investment Adviser, and a Registered Person who affiliates with such an Independent Registered Investment Adviser is referred to as an Independent IAR. These Independent IARs are dually licensed in states that permit dual licensing and/or registration. An independent IAR may have three different but concurrent roles:

1. As a Registered Person with Sunbelt who may receive commissions for recommending securities;
2. As an IAR of Sunbelt who may receive a fee for rendering advisory services; and
3. As an Independent IAR of an Independent Registered Investment Adviser who may offer services outside of Sunbelt.

However, the clients are under no obligation to purchase products recommended by their Independent IAR regardless of which capacity the IAR is acting in. These Independent Registered Investment Advisers are not affiliated with Sunbelt although some of their advisors are also IARs with Sunbelt. Clients should be clear which entity the services are being offered through and the IAR should ensure that the appropriate Form ADV Part 2A and/or Wrap Fee Program Brochure(s) has been obtained. It is important to note that the information of clients using the services of these Independent Registered Investment Advisers will be shared with Sunbelt for the purpose of surveilling transactions in the clients' account(s), as is Sunbelt's regulatory requirement.

### **Arrangements with Unaffiliated Investment Advisers**

Sunbelt has developed several programs, previously described in Items 4 and 5, designed to allow Sunbelt's IARs to recommend and select unaffiliated investment advisers for clients. The selected unaffiliated investment advisers will act as either third-party money managers or sub-advisers. Whenever an unaffiliated investment adviser is selected to manage all or a portion of the client's assets, the outside investment adviser will be paid a portion of the fees the client is charged and Sunbelt and its IAR will also receive a portion of the fees the client is charged. While Sunbelt's IARs endeavor at all times to put the interests of their clients first as a part of Sunbelt's fiduciary duty, clients should be aware that the receipt of additional

compensation itself creates a conflict of interest for the IAR and Sunbelt. This conflict is mitigated by Sunbelt conducting due diligence on these advisers including fee structures prior to approving them to be utilized for its clients as well as on an ongoing basis.

### **Accountant, Accounting Firm, Lawyer or Law Firm**

Some IARs may provide tax, accounting and/or legal services through an accounting firm or law firm, as applicable. IARs providing these types of services do so outside of their affiliation with Sunbelt and the services are not offered through Sunbelt or endorsed by Sunbelt. clients to whom Sunbelt offers advisory services are informed that they are under no obligation to use the accounting or legal services provided by Sunbelt's IARs and may use the accountant or legal firm and agent of their choosing.

### **Insurance Companies**

Sunbelt's IARs are also licensed life insurance agents with various insurance companies and sell insurance products to advisory clients. Therefore, the client's IAR, in the capacity as a licensed life agent, may be able to implement insurance recommendations for advisory clients electing to receive this service. In this event, Sunbelt's IARs, in their separate capacities as licensed insurance agents, will receive separate commission compensation for insurance and/or annuity sales.

This practice presents a conflict of interest, as IARs have an incentive to recommend insurance products be purchased through the IAR, thus increasing the IAR's compensation. clients to whom Sunbelt offers advisory services are informed that they are under no obligation to use the insurance services provided by Sunbelt's IARs and may use the insurance firm and agent of their choosing.

## **Item 11 — Code of Ethics, Participation or Interest in client Transactions, and Personal Trading**

### **Code of Ethics**

Sunbelt has adopted a Code of Ethics ("Code"), the full text of which is available to clients and prospective clients upon request. Sunbelt has several goals in adopting this Code. First, Sunbelt desires to comply with all applicable laws and regulations governing its practice. Sunbelt's senior management has determined to set forth guidelines for professional standards, under which all associated persons of Sunbelt are to conduct themselves. Sunbelt has set high standards, the intention of which is to protect client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with clients.

## **Participation or Interest in Client Transactions**

Independent IARs affiliated with Independent Registered Investment Advisers offer services outside of Sunbelt but do not receive commissions for underlying investments whether sold through Sunbelt or through another broker/dealer.

Some IARs of Sunbelt may invest in the same securities that they sell/recommend to clients. The ability to trade the same securities as their clients presents a conflict of interest, because IARs may be tempted to place their trades before their clients. IARs are required to act in the best interests of their clients at all times and IARs are never allowed to trade before a client or clients trading the same security. If the IAR wishes to trade the same day as a client, Sunbelt requires it to be after all client transactions have been executed that day. Sunbelt's process for addressing these conflicts is addressed under the "Personal Trading" section below.

## **Personal Trading**

IARs associated with the Firm buy, sell and/or recommend investment products identical to those purchased, sold or recommended to clients for their personal account(s). It is the intent of Sunbelt that clients receive priority in order executions before the Firm and/or its representatives. As a result, the Firm's policy is to always trade client accounts prior to executing trades in IARs' personal accounts. Under certain circumstances, exceptions may be made to the policies stated above with written approval of the Firm's CCO or designee. Records of these trades, including the reasons for the exceptions, will be maintained with Sunbelt's records. Sunbelt's policy does not apply to certain types of securities, such as obligations of the U.S. Government, and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by IARs do not have an impact on the prices of the fund shares in which clients invest.

## **Item 12 — Brokerage Practices**

### **Selection of Broker/Dealers**

Sunbelt believes that both Charles Schwab Advisory Services LLC and National Financial Services, LLC provide best execution to its clients. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealers' services.

Sunbelt evaluates, on a continuing basis, our recommendation of our services and the services of National Financial Services ("NFS"), and Charles Schwab Advisory Services LLC ("Schwab") acting as custodian, to clients of the managed account programs we offer. We have determined that our recommendations of our services as introducing broker-dealer,



NFS, and Schwab are reasonable and consistent with our fiduciary responsibilities to our advisory clients.

Clients should understand that we are acting solely in our capacity as the client's investment adviser in managing the client's account and are not acting as a broker-dealer. In these programs, the client has directed us to use a specific broker-dealer through which to place orders for the client's program account.

Generally, pursuant to our clearing agreement with NFS, Sunbelt must place a minimum number of trades with each month to meet its minimum clearing requirements. Trades placed for our advisory accounts help us to meet our minimum monthly requirement. This provides a benefit to Sunbelt. In addition, Sunbelt receives other payments or credits from NFS based on a percentage of the interest paid by clients on margin account balances, a percentage of interest earned on customer "free credit balances," a percentage of the interest earned on sweep account balances maintained by NFS or their affiliates, and a percentage of IRA account fees. These payments or credits to us from NFS will increase as we increase the amount of assets maintained in our clients' accounts.

Additionally, NFS and Schwab provide us with a range of electronic systems and operational support services that are important to our advisory business not typically available to retail customers. For example, NFS provides access to institutional trading and operations services; trade confirmations and account statements; systems that facilitate trade execution and allocation of aggregated trade orders for multiple accounts; a real-time order matching system; ability to 'block' trades; electronic download of trades, balances and positions; and a dedicated service group and an account services manager dedicated to Sunbelt's accounts. The services also include access to mutual funds or other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

We rely on NFS and Schwab's systems that provide access to client account information and records, including duplicate and batched client statements, confirmations and year-end summaries; provide research, pricing information and other market data; facilitate deduction of Program Fees from client accounts; and assist with recordkeeping and client reporting. Many of these services may be used to service all of our accounts, including accounts not maintained with NFS and Schwab.

The existence of these products and services from NFS and Schwab influences our recommendation of NFS and Schwab to clients and is an important conflict of interest that clients should consider when evaluating whether to accept our recommendation of NFS's and Schwab's services. We offer no assurance that the costs clients will incur by using SUNBELT as investment adviser or broker-dealer, or using NFS or Schwab as broker-dealer or custodian will be as low as the costs charged by other firms for similar services; it is likely that lower costs are available for similar services from other brokers or custodians.

We do not attempt to put a specific dollar value on the services received by each account or to allocate the relative costs or benefits of the services we receive from NFS and Schwab among client accounts, believing that the services and research we receive will help our firm to fulfill its overall duty to its clients. We may not use any particular product or service to service all clients.

Clients should understand that Sunbelt receives significant economic benefits and costs savings as a result of the services and other benefits we receive from NFS and Schwab, particularly, because we do not have to pay or produce those items at our own expense. To address the conflict of interest that exists in recommending NFS and Schwab, because of Sunbelt's economic interests rather than the interests of our clients' in receiving most favorable execution and lower transaction costs, we have adopted the following policies and procedures to monitor and mitigate this conflict:

- We consider the transaction costs (including commissions or spreads, market impact costs, and opportunity costs), as well as the full range and quality of the brokerage and related services NFS and Schwab provide to help us in providing advisory services. We consider the speed, certainty, consistency and accuracy of execution, responsiveness to our inquiries and requests, willingness and speed in resolving errors or other discrepancies, access to financial products and markets, and research, analyses, and various electronic products and services provided by the broker or dealer.
- We periodically evaluate the usefulness of the services NFS and Schwab provide in relation to our estimate of the compensation paid to NFS and Schwab for those services.
- We perform regular internal qualitative reviews of the services provided by our custodians.

Sunbelt will continue to periodically review its determination that the costs and quality of NFS and Schwab's services are reasonable in relation to the value of the services provided in terms of the overall relationship.

### **Research and Other Soft Dollar Benefits**

Sunbelt does not have any soft dollar arrangements and receives no benefits or research from any broker/dealer.

### **Brokerage for client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

## **Directed Brokerage Accounts**

Clients participating in the RD Wrap Fee Program are required to use the services of NFS or Schwab as clearing broker-dealer and/or custodian for their accounts, and our services as introducing broker-dealer for all transactions in their managed accounts. Not all investment advisers require their clients to direct the use of a particular broker-dealer. Sunbelt receives no additional compensation for serving in this capacity.

NFS and Schwab's fees for its clearing and custodial services are included in the wrap fee.

Because the client directs us to use NFS or Schwab as the clearing broker-dealer and Sunbelt as the introducing broker-dealer, we will not seek lower costs, volume discounts, or price improvement opportunities and best execution may not be achieved. Even in a wrap fee arrangement, the implicit costs for client transactions may be higher for accounts that direct the use of a broker than for accounts that do not direct brokerage, and a disparity may exist between the overall costs for these accounts. While Sunbelt has a reasonable belief that NFS and Schwab are able to provide best execution and competitive prices, Sunbelt will not independently negotiate or seek lower commissions, volume discounts, or price improvements through other broker-dealers.

## **Aggregation**

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We do not aggregate trades for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

With respect to accounts over which Sunbelt has discretionary authority to buy and sell securities, Sunbelt may, but is not required to, aggregate orders for the purchase or sale of securities for the client's account with orders for the same security for other advisory clients of Sunbelt, including orders for Sunbelt, its affiliates, employees and their related persons. Sunbelt will only aggregate client orders when it believes doing so will likely be in the

participating clients' best interests. Sunbelt generally will not aggregate orders of client accounts managed by different financial professionals. A client order that is not aggregated with one or more other client orders may be executed at a less favorable price than an aggregated order. The execution of aggregated orders may be subject to delay for certain reasons, including but not limited to the time required for Sunbelt to review proposed orders for compliance with investment restrictions or investment policy guidelines that clients may have provided to Sunbelt. Accordingly, the aggregation of the client's orders with other client orders may cause the client's orders to be executed later, and at different price, than they would have been had the client's orders not been aggregated with other client orders. Aggregated orders will generally be allocated to a client's account at a price equal to the average price per share. On occasion, an aggregated order will not be fully executed, meaning that the entire order could not be reasonably filled. Any partial fill of such an aggregated order will generally be allocated on a pro-rata basis; de minimis deviations from the allocation statement are permitted in the interest of placing round lots in client accounts. Factors that can affect the decision to include an account in a block transaction include, but are not limited to, available cash in each account, the size of each account and order, client or other restrictions on the portfolio in each account, and the desirability of avoiding odd lots. For specific information on a Money Manager's procedures to address the aggregation of orders, please refer to their Form ADV, Part IIA disclosure.

## **Item 13 — Review of Accounts**

### **Managed Accounts**

We will monitor your accounts on an ongoing basis and your IAR will conduct account reviews at least annually to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to contributions and withdrawals; year-end tax planning; market moving events; security specific events; and/or changes in your risk/return objectives.

We will provide you with regular written reports, or access to such information electronically, in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### **Financial Planning & Consulting Services**

For Financial Planning and Consulting clients, the Representative and the client will engage in meetings, telephone conversations, and other communications to discuss and review the various topics to be addressed while the financial plan is being developed or the consulting project is being performed, and upon delivery of the written financial plan or our verbal consulting advice. We will not provide any subsequent monitoring, advice, or updates unless specifically agreed in a written Financial Planning or Consulting Agreement.

Financial Planning clients will receive a completed financial plan. Additional reports will not be provided unless otherwise agreed in the Financial Planning Agreement. Consulting Services clients will not receive any written reports unless specifically provided in their Consulting Agreement.

Each IAR will monitor client accounts and will conduct a review of accounts periodically. Factors that may stimulate additional reviews include, but are not limited to, significant market corrections, large deposits or withdrawals from an account, substantial changes in the value of a client's portfolio and a change in the client's investment objectives or risk tolerance.

In addition to the account reviews conducted by IARs, Sunbelt utilizes the following systems and procedures to supervise client accounts:

- Unbundled Program and Sunbelt RD accounts are supervised through electronic and manual transactional review systems for supervisory review.
- Other investment advisory products and services are reviewed through a number of internal reports run by Sunbelt.
- Sunbelt periodically examines all places of business. During this examination a sampling of accounts and/or transactions are reviewed by the auditor.

Any discrepancies identified may trigger additional reviews of client accounts, during which Sunbelt may request that IARs supply information concerning their clients' accounts and/or portfolios.

As a reminder, on at least a quarterly basis, clients receive account statements from the qualified custodian at which their account is held. clients are strongly advised to carefully review all statements upon receipt and advise their IAR and Sunbelt if there are any discrepancies.

## **Item 14 — Client Referrals and Other Compensation**

Sunbelt has entered into solicitor agreements with various independent third-party investment advisers. Sunbelt and its IARs receive solicitor fees from the third-party investment advisers in return for referral of clients. The IAR provides the referred client a disclosure statement regarding the role of Sunbelt and the IAR as a solicitor agent, but the IAR does not enter into an agreement with the client to provide ongoing investment advice. Instead, the client engages the third-party investment adviser for advisory services. This practice presents a conflict of interest, as Sunbelt and its IARs are engaged and paid by the third-party investment adviser for the referral. Sunbelt addresses this conflict by conducting due diligence on the advisers to ensure that they are suitable for the clients and the referrals will be in the clients' best interest. Further, Sunbelt will provide the clients with a disclosure statement explaining the relationship and the solicitor fees of Sunbelt and its IARs.

## **Item 15 — Custody**

Because many clients authorize Sunbelt to debit fees for investment advisory services directly from their accounts, Sunbelt is deemed to have “custody” of client funds and/or securities. Client accounts are maintained through NFS and Schwab as qualified custodian. Client will receive account statements directly from the custodian and not from Sunbelt. Clients are strongly urged to review their account statements and to compare them to any documentation and/or information supplied by their IAR.

## **Item 16 — Investment Discretion**

Sunbelt’s IARs can have discretionary or non-discretionary authority over a client’s Sunbelt RD account.

An IAR with discretion has full judgment over the selection and amount of securities to be purchased or sold in their client’s accounts without obtaining the client’s prior consent or approval.

However, the IAR’s investment authority may be subject to specified investment objectives, limited to mutual funds or guidelines and/or conditions imposed by the client. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry. Discretion is limited and does not extend to the withdrawal or transfer of funds. Discretion is granted in writing by the client and is listed on the Agreement, as applicable, at the time of execution of the document.

An IAR that has non-discretionary authority must receive authorization from the client before effecting each transaction in the Account. This includes the ability to buy, sell, exchange or otherwise trade in any and all stocks and ETFs, bonds and other fixed income securities, mutual funds and any other investments. When authorization is received from the client, this authorization is valid only on the day the authorization was given. Nondiscretionary authority will remain in place unless and until changed, in writing, via the completion of a new Investment Advisory Agreement where Discretionary authority is granted.

## **Item 17 — Voting client Securities**

Sunbelt and its IARs will not take any action or give any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which the client’s assets may be invested. Generally, all proxy materials will be sent directly to the client. All proxy related materials received directly by Sunbelt or its IARs will be forwarded to the client for direct action and the client understands and agrees that the client retains the right to vote all proxies which are solicited for securities held in the investment advisory account.

## **Item 18 — Financial Information**

There are no financial conditions that will reasonably impair Sunbelt's ability to meet contractual commitments to its clients. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years. Sunbelt has never been the subject of a bankruptcy proceeding.