

**Brochure**

**Form ADV Part 2A**

**Item 1 - Cover Page**



**Secrest Blakey & Associates, LLC**

**d/b/a**

**Southeast Financial Group**

**CRD# 151216**

7780 Brier Creek Parkway Suite 325  
Raleigh, North Carolina 27617  
(919) 544-0500

**[www.sefgroup.com](http://www.sefgroup.com)**

**March 25, 2024**

This Brochure provides information about the qualifications and business practices of Secrest Blakey & Associates, LLC d/b/a Southeast Financial Group. If you have any questions about the contents of this Brochure, please contact us at (919) 544-0500 or email us at [esecrest@sefgroup.com](mailto:esecrest@sefgroup.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.

Secrest Blakey & Associates, LLC is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Secrest Blakey & Associates, LLC also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

## ***Item 2 - Material Changes***

This version dated March 25, 2024, is our updating annual amendment. The following are material changes in this brochure since our last annual amendment dated March 7, 2023:

- Revised Item 4 to update regulatory assets under management as of December 31, 2023.

## ***Item 3 - Table of Contents***

	<b>Page</b>
Item 1 - Cover Page .....	1
Item 2 - Material Changes.....	2
Item 3 - Table of Contents .....	2
Item 4 - Advisory Business.....	3
Item 5 - Fees and Compensation .....	6
Item 6 - Performance-Based Fees and Side-By-Side Management.....	7
Item 7 - Types of Clients.....	7
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 - Disciplinary Information.....	10
Item 10 - Other Financial Industry Activities and Affiliations.....	10
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.	11
Item 12 - Brokerage Practices .....	12
Item 13 - Review of Accounts .....	14
Item 14 - Client Referrals and Other Compensation .....	14
Item 15 - Custody.....	15
Item 16 - Investment Discretion.....	15
Item 17 - Voting Client Securities.....	15
Item 18 - Financial Information.....	16

#### ***Item 4 - Advisory Business***

##### **General Information**

Secrest Blakey & Associates, LLC d/b/a Southeast Financial Group ("SEFG") was formed in 2009 (and registered as an investment adviser in 2012. SEFG provides financial planning and investment portfolio management services to its clients.

Edward B. Secrest is the principal owner of Southeast Financial Group, Inc.,

As of December 31, 2023, SEFG manages \$131,377,481 of assets on a discretionary basis, and \$46,444,104 of assets on a non-discretionary basis.

##### **SERVICES PROVIDED**

At the outset of each client relationship, SEFG spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and broadly identifying major goals of the client.

Clients may elect to retain SEFG to prepare a full financial plan. This written report is presented to the client for consideration. In most cases, clients subsequently retain SEFG to manage the investment portfolio on an ongoing basis.

For those financial planning clients making this election, and for other clients who do not need financial planning but retain SEFG for portfolio management services, based on all the information initially gathered, SEFG generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile" or "Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan" or "Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments SEFG will make on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client but are not necessarily written documents.

Finally, where SEFG provides only limited financial planning or general consulting services, SEFG will work with the client to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances.

##### **Financial Planning**

This service may be provided as a stand-alone service or may be coupled with ongoing portfolio management.

Financial planning may include advice that addresses one or more areas of a client's financial situation, such as estate planning, risk management, budgeting and cash flow controls, retirement planning, education funding, and investment portfolio design. Depending on a client's particular situation, financial planning may include some or all of the following:

- Gathering factual information concerning the client's personal and financial situation;
- Assisting the client in establishing financial goals and objectives;
- Analyzing the client's present situation and anticipated future activities in light of the client's financial goals and objectives;
- Identifying problems foreseen in the accomplishment of these financial goals and objectives and offering alternative solutions to the problems;
- Making recommendations to help achieve retirement plan goals and objectives;
- Designing an investment portfolio to help meet the goals and objectives of the client;
- Providing estate planning;
- Assessing risk and reviewing basic health, life and disability insurance needs; or
- Reviewing goals and objectives and measuring progress toward these goals.

Once financial planning advice is given, the client may choose to have SEFG implement the client's financial plan and manage the investment portfolio on an ongoing basis. However, the client is under no obligation to act upon any of the recommendations made by SEFG under a financial planning engagement and/or engage the services of any recommended professional.

#### Portfolio Management

As described above, at the beginning of a client relationship, SEFG meets with the client, asks questions, gathers information and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by SEFG based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, SEFG will manage the client's investment portfolio on a discretionary basis or a non-discretionary basis. As a discretionary investment adviser, SEFG will have the authority to supervise and direct the portfolio without prior consultation with the client. Under a non-discretionary arrangement, clients must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on SEFG in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of SEFG.

Alternative investment strategies may be implemented to complement core holdings to create a holistic approach to asset management and assist in meeting longer-term financial planning goals. SEFG assists clients with the implementation of alternative investment strategies when Accredited Investor, Qualified Client and/or Qualified Purchaser definitions are met.

These strategies include, but are not limited to investments in hedge funds, private equity, private markets including diversified real estate, infrastructure, private credit, real estate, structured notes and certificates of deposit, opportunity zones, 1031 exchanges, exchange funds, and interval funds. These strategies are applied to a portion of the portfolio managed toward longer-term trends and economic views where all factors of the client's suitability and liquidity have been met.

### Retirement Plan Advisory Services

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. SEFG will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The particular services provided will be detailed in the consulting agreement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, SEFG will be considered a fiduciary under ERISA. For example, SEFG will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select.

With respect to any account for which SEFG meets the definition of a fiduciary under Department of Labor rules, SEFG acknowledges that both SEFG and its Related Persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between SEFG and Client.

### Fiduciary Consulting Services

- *Investment Selection Services*  
SEFG will provide Plan Fiduciaries with recommendations of investment options consistent with ERISA section 404(c). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).
- *Non-Discretionary Investment Advice*  
SEFG provides Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding asset classes and investments.
- *Investment Monitoring*  
SEFG will assist in monitoring the plan's investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement

and SEFG will make recommendations to maintain or remove and replace investment options. The details of this aspect of service will be enumerated in the engagement agreement between the parties.

### ***Item 5 - Fees and Compensation***

#### **General Fee Information**

Fees paid to SEFG are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third-party consultants. Fees paid to SEFG are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, SEFG and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

#### **Financial Planning Fees**

As noted above, fees for services outside of portfolio management are negotiated separately at the time of the engagement, and are charged at the rate of \$250 per hour, based on the personnel involved as well as the complexity and scope of the project.

#### **Portfolio Management Fees**

The maximum annual fee, calculated based on a percentage of the market value of assets under management at the end of the prior quarter, is based on the following schedule:

Up to \$1,000,000	1.20%
\$1,000,001 to \$2,000,000	1.00%
\$2,000,001 to \$4,000,000	0.90%
\$4,000,001 to \$7,500,000	0.70%
\$7,500,001 to \$10,000,000	0.60%
Above \$10,000,000	0.50%

### **Potential Conflicts of Interest**

SEFG receives compensation as a result of a client's participation in trades made through Liberty Partners Financial Services, LLC ("Liberty Partners"). Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what SEFG would receive if the client participated in other programs, whether through Liberty Partners or another sponsor, or paid separately for investment advice, brokerage and other services.

SEFG may impose a minimum portfolio value, and minimum annual fees may apply. SEFG may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where SEFG deems it appropriate under the circumstances. The specific arrangements agreed upon will be enumerated in the Investment Advisory Agreement.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. With client authorization and unless other arrangements are made, fees are normally debited directly from client account(s).

Either SEFG or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client, and any fees due to SEFG from the client will be invoiced or deducted from the client's account prior to termination.

#### Other Compensation

Certain of SEFG's employees are also registered representatives of Liberty Partners, a FINRA and SIPC member, and registered broker/dealer. As such, they are entitled to receive commissions or other remuneration on the sale of insurance as well as other products. In order to protect client interests, SEFG's policy is to disclose all forms of compensation before any such transaction is executed. Clients will not pay both a commission to these individuals and also pay an advisory fee to SEFG on assets held in the same account. These fees are exclusive of each other.

As a result of this relationship, Liberty Partners may have access to certain confidential information (i.e., financial information, investment objectives, transactions, and holdings) about SEFG clients, even if the client does not establish any account through Liberty Partners. If you would like a copy of Liberty Partner's privacy notice, please contact the CCO, Ed Secrest, at (919) 544-0500.

#### ***Item 6 - Performance-Based Fees and Side-By-Side Management***

SEFG does not have any performance-based fee arrangements. "Side-by-Side Management" refers to a situation in which the firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because SEFG has no performance-based fee accounts, it has no side-by-side management.

#### ***Item 7 - Types of Clients***

SEFG serves individuals, high net worth individuals, pension and profit-sharing plans, corporations, trusts, charitable organizations, and estates. SEFG may impose a minimum portfolio value eligible for conventional investment advisory services, and minimum annual fees may apply. Under certain circumstances and in its sole discretion, SEFG may negotiate such minimums.

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

##### Methods of Analysis

In accordance with the Investment Plan, SEFG generally selects mutual funds, ETFs, individual stocks, bonds, REITs, private placements and options for client accounts.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

In making selections of individual stocks for client portfolios, SEFG generally uses fundamental analysis. This type of analysis involves the review of the business and financial information about an issuer. Without limitation, the following factors generally will be considered:

- Financial strength ratios;
- Price-to-earnings ratios;
- Dividend yields; and

- Growth rate-to-price earnings ratios

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. SEFG will generally evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

### Investment Strategies

SEFG's strategic approach is to invest each portfolio in accordance with the plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Short Sales – a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.

Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Options Trading/Writing – a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the exercise of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

### Risk of Loss

While SEFG seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While SEFG manages client investment portfolios based on SEFG's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that SEFG allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that SEFG's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, SEFG will invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment



funds”). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds’ success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* SEFG may invest portions of client assets directly into equity investments, either stocks, or pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security’s prospects.

*Fixed Income Risks.* SEFG may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* SEFG may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices, or requirements comparable to those found in the U.S. Foreign investments which are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security’s underlying foreign currency.

*Lack of Liquidity.* Some investments may be in private companies and will require a long-term commitment of capital. A substantial amount of the investments will also be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these investments may make it difficult to sell investments if the need arises or if SEFG determines such sale would be in the investors’ best interests. In addition, if a situation arises in which SEFG is required to liquidate all or a portion of an investment quickly, the investment may realize significantly less than the value at which the investment was previously recorded, which could result in a decrease in the portfolio’s net asset value.

*Real Estate Risk.* Client portfolios may be invested in certain real-estate products which have certain specialized risks, including: (a) illiquidity and expectations that these investments are designed for long-term holding periods, usually two to ten years; (b) potentially lower returns than if an investor managed their own property; (c) no public market to which investors can sell their ownership interests in a Delaware Statutory Trust (“DST”); (d) relatively little to any control by the investor on the type(s) of underlying real estate being invested; (e) dependency upon the property management’s skills and expertise which can affect the value of the client’s investment; (f) limited diversification; and (g) in many cases, less liquidity and greater price volatility. The value of an

investment may be adversely impacted by declines in the value of real estate, adverse general and local economic conditions; and environmental conditions and management/operator decisions over which the investor has limited and/or no control.

*Real Estate Funds (including REITs).* REITs face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws. REITs are also subject to certain other risks related specifically to their structure and focus, such as: (a) dependency upon management's skills; (b) limited diversification; (c) heavy cash flow dependency; (d) possible default by borrowers; and (e) in many cases, less liquidity and greater price volatility.

*Private Placement Risk.* Although private placements can help provide risk diversification, they also carry a substantial risk as they are subject to less regulation than publicly offered securities. Additionally, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets. Individual private placement offerings are reviewed carefully at the investment level before acceptance by the firm, and the conditions and risks are discussed thoroughly with the client prior to implementation.

### ***Item 9 - Disciplinary Information***

SEFG has no disciplinary events to report.

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

Certain of SEFG's employees are also registered representatives of Liberty Partners, a FINRA and SIPC member, and registered broker/dealer. Please see Item 5 - ***Fees and Compensation*** for more information.

SEFG believes that having these additional services available to clients enhances the overall service that can be provided to clients. SEFG recognizes that there is a potential for conflicts of interest, in that as a part of the financial planning process SEFG personnel may recommend the purchase of insurance or other related products, which could result in a commission or other compensation being paid to one or more individuals in the firm. Clients should be aware that a conflict exists between the interests of SEFG and the interests of the client; and the client is under no obligation to act upon the recommendations of SEFG or any of the named entities above; and if the client elects to act upon any of the recommendations, the client is under no obligation to effect the insurance transaction or financial planning services through any of the entities named herein. However, to help mitigate this potential conflict, SEFG has a policy of fully disclosing all fees to be paid on all transactions prior to the implementation of any recommendations. In addition, SEFG's Code of Ethics, described below, requires that all persons associated with SEFG act in good faith with the clients' interests placed ahead of those of the firm or anyone associated with it.

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

### **Code of Ethics and Personal Trading**

SEFG has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. SEFG's Code has several goals. First, the Code is designed to assist SEFG in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, SEFG owes a fiduciary duty to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with SEFG (managers, officers, and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for SEFG's associated persons. Under the Code's Professional Standards, SEFG expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, SEFG associated persons are not to take inappropriate advantage of their positions in relation to SEFG clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, SEFG's associated persons may invest in the same securities recommended to clients. Under its Code, SEFG has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause, such as issues with the timing of personal trades relative to the timing of client trades. Accordingly, the Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

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

Because associated persons may invest in the same securities as those held in client accounts, SEFG has established a policy requiring its associated persons to pre-clear transactions in some types of securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflicts of interest that arise in these situations. By investing in the same securities as clients, SEFG and its associated persons have aligned their interests with those of the clients. Certain securities, such as CD's, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, SEFG's goal is to place client interests first.

Consistent with the foregoing, SEFG maintains policies regarding participation in initial public offerings ("IPOs") and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a SEFG associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with SEFG's written policy.

## ***Item 12 - Brokerage Practices***

### **Best Execution and Benefits of Brokerage Selection**

When given discretion to select the brokerage firm that will execute orders in client accounts, SEFG seeks “best execution” for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, SEFG may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third-party research (or any combination) and may be used in servicing any or all of SEFG’s clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

SEFG recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. (“Schwab”) (collectively the “Brokers”), FINRA registered broker/dealers, member SIPC, as the qualified custodians to maintain custody of clients’ assets. SEFG may also effect trades for client accounts at the Brokers, or may in some instances, consistent with SEFG’s duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although SEFG may recommend that clients establish accounts at the Brokers, it is ultimately the client’s decision to custody assets with the Brokers. SEFG is independently owned and operated and is not affiliated with the Brokers.

The Brokers provide SEFG with access to its institutional trading, custody, reporting and related services, which are typically not available to the Brokers retail investors. The Brokers also make available various support services. Some of those services help SEFG manage or administer our clients’ accounts while others help SEFG manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements but are part of the institutional platform offered by the Brokers. The Brokers brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. As such, SEFG may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than based solely on the clients’ interest in receiving most favorable execution.

For SEFG client accounts maintained in its custody, the Brokers generally do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the Brokers or that settle into the Brokers accounts. The Brokers also make available to SEFG other products and services that benefit SEFG but may not directly benefit its clients’ accounts. Many of these products and services may be used to service all or some substantial number of SEFG accounts, including accounts not maintained at the Brokers.

The Brokers products and services that assist SEFG in managing and administering clients’ accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of SEFG’s fees from its clients’ accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

The Brokers also offer other services intended to help SEFG manage and further develop its business enterprise. These services may include: (i) technology, compliance, legal and business consulting; (ii)

publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. The Brokers may make available, arrange and/or pay third-party vendors for the types of services rendered to SEFG. The Brokers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SEFG. The Brokers may also provide other benefits such as educational events or occasional business entertainment of SEFG personnel. In evaluating whether to recommend that clients custody their assets at the Brokers, SEFG may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by the Brokers, which may create a potential conflict of interest.

#### Directed Brokerage

Clients may direct SEFG to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that SEFG has with the Brokers is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers can in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing SEFG to use a specific broker/dealer, clients who are subject to ERISA confirm and agree with SEFG that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker/dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

#### Aggregated Trade Policy

SEFG may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows SEFG to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

SEFG will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of SEFG's Investment Advisory Agreement with each client for which trades are being aggregated. 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 SEFG's transactions in a given security on a given business day. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other

factors making the account's participation ineligible or impractical.

SEFG will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. 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 generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of SEFG. SEFG's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction 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, and SEFG will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

#### ***Item 13 - Review of Accounts***

Managed portfolios are reviewed regularly and client reports provided at least semi-annually. Portfolios may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by SEFG. These factors generally include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. Edward Secrest, SEFG's Principal, reviews respective accounts.

For those clients to whom SEFG provides separate financial planning and/or consulting services, reviews are conducted on an as needed or agreed upon basis. Such reviews are conducted by one of SEFG's investment adviser representatives or principals.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. SEFG will provide additional written reports as needed or requested by the client.

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

As noted above, SEFG receives some benefits from the Brokers in the form of support products and services it makes available to SEFG and other independent investment advisors that have their clients maintain accounts at the Brokers. These products and services, how they benefit our firm, and the related conflicts of interest are described in ***Item 12 - Brokerage Practices***. The availability of the Brokers products and services to SEFG is based solely on our participation in the programs and not in the provision of any particular investment advice. Neither the Brokers, nor any other party, is paid to refer clients to SEFG.

SEFG has entered into an arrangement where the firm and/or its personnel receive compensation for successfully referring its advisory clients to outside service providers, including Capital Insurance Services for insurance products and related services. This referral arrangement presents potential

conflicts of interest since SEFG has an incentive to recommend these services to advisory clients in return for compensation for a successful referral. The client is under no obligation to act upon any such recommendation from either SEFG or Capital Insurance Services. Any services provided by Capital Insurance Services are separate and distinct from SEFG's advisory services and are provided for separate and typical compensation. SEFG does receive compensation for professional engagements entered into between the two entities.

### ***Item 15 - Custody***

The Brokers are the custodians of nearly all client accounts at SEFG. From time to time, however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify SEFG of any questions or concerns. Clients are also asked to promptly notify SEFG if the custodian fails to provide statements on each account held.

From time to time, and in accordance with SEFG's agreement with clients, SEFG will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting and pending trades.

As discussed previously in ***Item 5 - Fees and Compensation***, certain associated persons of SEFG are registered representatives of Liberty Partners. As a result of this relationship, Liberty Partners may have access to certain confidential information (e.g., financial information, investment objectives, transactions, and holdings) about SEFG clients, even if the client does not establish any account through Liberty Partners. If you would like a copy of the Liberty Partners privacy policy, please contact Edward Secrest at (919) 544- 0500.

### ***Item 16 - Investment Discretion***

As described above under Item 4 - ***Advisory Business***, SEFG will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney ("LPOA") is executed by the client, giving SEFG the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and the withdrawal of advisory fees directly from the account. SEFG then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with SEFG and the requirements of the client's custodian.

For *non-discretionary accounts*, the client also generally executes an LPOA, which allows SEFG to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between SEFG and the client, SEFG does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to SEFG's agreement with the client and the requirements of the client's custodian.

### ***Item 17 - Voting Client Securities***

As a policy and in accordance with SEFG's client agreement, SEFG does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact SEFG with questions relating to proxy procedures and proposals; however, SEFG generally does not research particular proxy proposals.

***Item 18 - Financial Information***

SEFG does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. SEFG has no additional financial circumstances to report.

SEFG has not been the subject of a bankruptcy petition at any time during the past 10 years.



