



# SuncoastEquity.com

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**Your Partner for Long-Term Investment Performance.**

## **Firm Brochure - Form ADV Part 2A**

*This brochure provides information about the qualifications and business practices of Suncoast Equity Management, LLC. If you have any questions about the contents of this brochure, please feel free to contact us at (813) 963-0502 or by email at: [info@suncoastequity.com](mailto:info@suncoastequity.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Suncoast Equity Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Suncoast Equity Management, LLC's CRD number is: 108289.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Suncoast Equity Management, LLC on March 9, 2017 are described below. Material changes relate to Suncoast Equity Management, LLC's policies, practices or conflicts of interests.

- Suncoast Equity Management, LLC has updated Item 4.A to disclose Donald Robert Jowdy as the principal owner of the firm.
- Suncoast Equity Management, LLC has added financial planning services.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Suncoast Equity Management, Inc., a Corporation organized in the state of Florida in January of 1998, was reorganized as Suncoast Equity Management, LLC on October 1, 2015.

The principal owner is Donald Robert Jowdy. Donald Robert Jowdy has been President since September of 1997.

### **B. Types of Advisory Services**

Suncoast Equity Management, LLC (hereinafter “SEM”) offers the following services to advisory clients:

#### ***Investment Supervisory Services***

The mission of Suncoast Equity Management is to help our clients preserve and grow their capital through the individual selection of primarily Large Cap equities. At a client’s request, we occasionally oversee other investments including fixed income and mutual funds. SEM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. SEM may request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction.

#### ***Services Limited to Specific Types of Investments***

SEM generally limits its money management to equities. SEM may use other securities to help diversify a portfolio when asked, such as government securities, fixed income, and mutual funds.

#### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning, retirement planning, education planning etc.

### **C. Client Tailored Services and Client Imposed Restrictions**

SEM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client’s current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent SEM from properly servicing the client account, or if the restrictions would require SEM to deviate from its standard suite of services, SEM reserves the right to end the relationship.

#### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. SEM does not participate in any wrap fee programs.

#### **E. Amounts Under Management**

SEM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$402,294,628.00	\$0.00	December 2017

### **Item 5: Fees and Compensation**

#### **A. Fee Schedule**

##### *Investment Supervisory Services Fees*

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
First \$500,000	1.50%
Above \$500,000	1.00%

These fees are negotiable depending upon the needs of the client and complexity of the situation, and the final fee schedule can be found in the Investment Advisory Contract. Fees are paid quarterly in advance. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly

AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Advisory fees may also be invoiced and billed directly to the client with payments due quarterly. Clients may select the method in which they are billed.

### ***Financial Planning Fees***

Financial planning services are offered as a courtesy to clients who have accounts with SEM. This service is not offered on a stand-alone basis.

Clients may terminate the SEM Investment Advisory Agreement without penalty at any time upon written notice. SEM will refund clients any unearned portion of the fee that has been collected.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by SEM. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

SEM collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned to the client via check or deposited back into client's account.

The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

## **E. Outside Compensation For the Sale of Securities to Clients**



Neither SEM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

SEM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

SEM generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities
- ❖ Other Investment Advisers

### ***Minimum Account Size***

There is an account minimum, \$250,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

SEM's primary method of analysis includes fundamental analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

#### ***Investment Strategies***

SEM uses long term trading and short term trading strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## B. Material Risks Involved

### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

### *Investment Strategies*

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## C. Risks of Specific Securities Utilized

SEM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither SEM nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SEM nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Amy A. Lord and Donald R. Jowdy are Portfolio Managers of Sanibel Captiva Trust Company, an owner of Suncoast Equity Management, LLC.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

SEM does not utilize nor select other advisors or third party managers. All assets are managed by SEM management.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

SEM does not recommend that clients buy or sell any security in which a related person to SEM or SEM has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SEM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SEM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SEM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of SEM may buy or sell securities for themselves. This may provide an opportunity for representatives of SEM to buy or sell securities before or after recommending those securities to clients, resulting in representatives profiting from the recommendations they provide. Such transactions may create a conflict of interest. When SEM is transacting for client accounts, SEM representatives may participate in the transaction when trading in similar securities in a similar time frame.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. SEM will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

##### **1. *Research and Other Soft-Dollar Benefits***

SEM receives no research, product, or services other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

##### **2. *Brokerage for Client Referrals***

SEM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

##### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

SEM allows clients to direct brokerage. SEM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage SEM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

#### **B. Aggregating (Block) Trading for Multiple Client Accounts**

SEM maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing SEM the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed daily by Amy A. Lord and/or Donald R. Jowdy. The chief advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at SEM are assigned to these reviewers.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

SEM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to SEM clients.

### **B. Compensation to Non - Advisory Personnel for Client Referrals**

SEM will directly compensate introducing agents with a share of the portion of the collected fee.

## **Item 15: Custody**

SEM, with client written authority, has limited custody of client's assets through direct fee deduction of SEM's Fees only. If the client chooses to be billed directly by the Custodian, SEM would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that

are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

For those client accounts where SEM provides ongoing supervision, the client has given SEM written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides SEM discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

## **Item 17: Voting Client Securities (Proxy Voting)**

SEM will accept voting authority for client securities when requested in writing. When SEM does accept voting authority for client securities, it will always seek to vote in the best interests of its clients. Clients may direct SEM on how to vote client securities by communicating their wishes in writing or electronically to SEM. When voting client proxies the investment committee will always hold the interests of the clients above its own interests. Clients of SEM may obtain the voting record of SEM on client securities by contacting SEM at phone number or e-mail address listed on the cover page of this brochure. Clients may obtain a copy of SEM's proxy voting policies and procedures upon request.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SEM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither SEM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

SEM has not been the subject of a bankruptcy petition in the last ten years.