

Item 1 – Cover Page

NBC Securities, Inc. ADV Part 2A Disclosure Brochure

NBC Securities, Inc.
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www.nbcsecurities.com
01/29/2018

This ADV Part 2A Disclosure Brochure provides information about the qualifications and business practices of NBC Securities, Inc. [“NBCS”]. If you have any questions about the contents of this Brochure, please contact us at 205-521-9390 or by emailing contactus@nbcsecurities.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. NBC Securities, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about NBC Securities, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Currently, our Brochure may be requested by contacting Scott Wilkins, VP and Chief Compliance Officer at 205-521-9390 or swilkins@nbcsecurities.com. Our Brochure is also available on our web site www.nbcsecurities.com, also free of charge.

Additional information about NBCS is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with NBCS who are registered, or are required to be registered, as investment adviser representatives.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated August 28, 2014 is an amended document prepared according to the SEC’s new requirements and rules.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

This brochure contains the following material changes to the disclosure NBCS provided in its last annual update dated January 27, 2017.

- This brochure incorporates no material changes.

Please note that the above summary addresses only changes NBCS has determined to be material and therefore, may not reflect all of the changes that have been made to this brochure since the last annual update.

Item 3 -Table of Contents

Item 1	Cover Page	i
Item 2	Material Changes	ii
Item 3	Table of Contents.....	iii
Item 4	Advisory Business.....	1
Item 5	Fees and Compensation.....	4
Item 6	Performance-Based Fees and Side-By-Side Management	6
Item 7	Types of Clients	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9	Disciplinary Information	7
Item 10	Other Financial Industry Activities and Affiliations	8
Item 11	Code of Ethics	8
Item 12	Conflicts of Interest.....	10
Item 13	Brokerage Practices.....	13
Item 14	Review of Accounts	14
Item 15	Client Referrals and Other Compensation.....	14
Item 16	Custody	15
Item 17	Investment Discretion.....	15
Item 18	Voting Client Securities	15
Item 19	Financial Information.....	15
	Brochure Supplement(s)	17

Item 4 – Advisory Business

A. GENERAL INFORMATION

NBC Securities, Inc. is an Alabama corporation established in 1986 to provide investment management services to clients. NBCS is registered as a broker dealer, its principal business, and an investment advisor. The terms “We”, “Our”, “Us”, and “NBCS” refer to NBC Securities, Inc.

B. INVESTMENT ADVISORY SERVICES OFFERED THROUGH NBCS

NBCS sponsors two Investment Advisory (“IA”) programs: (1) the Professional Asset Management Consulting Program (ProAM); (2) the Advisors’ Portfolio Services Program (APS). NBCS also offers two IA programs sponsored by RBC Capital Markets Corporation, NBCS’ clearing broker,: (1) Advisor and (2) Resource II. Under an IA program, a specified fee is charged for advisory services and the execution of client transactions which is not based directly on the transactions in a client’s accounts. The IA programs offered include the investment advisory services of NBCS, advisory services of RBC Capital Markets, third party independent sub-advisers, one affiliated sub-advisor, and the execution and custody services and costs of transactions (commissions) through RBC Correspondent Services (“RBCCS”), as a FINRA registered broker dealer.

Upon the initiation of an advisory relationship for all programs, NBCS will identify a client’s financial circumstances, prior investment experience, investment objectives, goals and restrictions, if any, and risk tolerances, among other things. The firm also includes in its review of a client’s background information and investment objectives, consideration as to the suitability and appropriateness of a wrap fee investment account for a particular client. The client profile information is maintained by NBCS for its clients and updated client information is either provided by a client or obtained by the firm on a periodic basis.

ProAm Program

ProAm is a fee-based program sponsored by NBCS made available to its own investment advisor representatives. In the ProAM Program, NBCS or the Advisor designated in the client agreement will assist the client in selecting an independent third party or affiliated investment adviser(s) (sub-adviser) to manage the client’s account. NBCS or the Advisor designated in the client agreement will recommend a sub-adviser(s) based on the client’s investment objectives, risk tolerance, investment style and philosophy, and the sub-adviser’s experience, performance indicators, and investment strategies. If NBCS believes that a particular sub-adviser is performing inadequately and that a different sub-adviser would be more suitable for a Client’s individual needs, NBCS may recommend that the client choose another sub-adviser. The move to a new sub-adviser is entirely at the client’s discretion. The sub-advisers in the ProAM Program manage the client’s account on a discretionary basis.

APS and APS+ Program

APS is a low trade volume fee-based program sponsored by NBCS made available to its own investment advisor representatives. In the APS Program, an investment advisor representative of NBCS will provide the client with Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client.

In APS, portfolios may be managed on a discretionary or nondiscretionary basis. The investment program offered consists of continuously managing client portfolios of stocks, bonds, no-load mutual funds, eligible load-waived mutual funds and other investments.

Once an advisory relationship is established, clients are free to contact their investment advisor representative.

Resource II

Resource II is a fee-based program sponsored by the RBC Capital Markets Corporations made available Advisor. NBCS or the Advisor designated in the client agreement works closely with its clients to analyze and define the clients' investment objectives and needs.

NBCS or the Advisor designated in the client agreement will recommend appropriate third-party investment advisers (from a spectrum of advisers, both affiliates and non-affiliates of RBC Capital Markets Corporation that have been evaluated, prescreened and selected for inclusion in the Resource II program by RBC Capital Markets Corporation) to manage the client's assets on a discretionary basis. Based on the its understanding of the client's investment needs and objectives gained from the consultation process and the Risk Profile Questionnaire, NBCS or the Advisor designated in the client agreement will provide the client with information on investment advisers whose investment philosophy and objectives are compatible with the investment philosophy and objectives set forth by the client. The client then chooses one or more investment managers to provide services with respect to the account. All accounts are managed by investment advisers. Neither the NBCS nor RBC Capital Markets Corporation has any discretionary trading authority with respect to the accounts under this program.

RBC Capital Markets Corporation reviews performance data of all Resource II investment advisers and model portfolio providers on a periodic basis and will provide account reports and portfolio reviews to NBCS who will in turn provide to clients.

Resource II is available to individuals, employee benefit plans, trusts and estates, businesses and other suitable investors.

RBC Advisor

RBC Advisor is a customized investment advisory program through which clients of NBCS or the Advisor designated in the client agreement may receive non-discretionary advice for investing in various asset classes. This may be accomplished through no load mutual funds, load waived

mutual funds, equities and fixed income securities and other securities. RBC Advisor is provided through RBC Correspondent Services, a division of RBC Capital Market Corporation, and is offered and available to individuals, employee benefit plans, trusts and estates, business and other suitable investors.

Advisor is a fee-based program under which the fee paid by the client may include compensation for: (i) an initial analysis by NBCS or the Advisor designated in the client agreement of the client's investment objectives and needs, with periodic re-evaluations; (ii) consulting services provided by the NBCS or the Advisor designated in the client agreement as to an appropriate investment strategy and as to specific investments to implement the strategy; (iii) execution services provided by the RBC Capital Markets Corporation; (iv) periodic RBC Advisor account reports and portfolio reviews; and v) required custody and other account-related services provided by RBC Capital Markets Corporation. For clients investing solely in open-end mutual funds the client can choose (i) to have the account automatically rebalanced, (ii) to be alerted when rebalancing would be recommended or, instead, (iii) to assume responsibility for advising RBC Capital Markets Corporation at such times as the client determines rebalancing should occur. Rebalancing, automatic or alert, happens when the actual allocation among the mutual funds in a client account vary from the fund allocation established by the client.

FINANCIAL PLANNING

NBCS may provide financial planning services to customers for a fee. NBCS, through its Advisors who hold active Certified Financial Planner ("CFP®") or Chartered Financial Consultant ("ChFC®") designations provides clients with one or more of the following financial planning and wealth management advisory services: (i) assistance in the development of an investment plan; (ii) wealth accumulation strategies; (iii) wealth protection strategies; (iv) converting wealth to income (i.e. retirement income planning); (v) wealth transfer (i.e. charitable planning, gifting strategies, business succession etc.); (vi) advanced planning strategies as requested by the client.

Financial Planning is available to individual and corporate clients. Where provided to a corporate client, the ultimate financial planning services are provided at the individual level to employees of the corporate client. NBCS' Advisors will work closely with the client to analyze and define the Client's financial objectives and needs. Using applicable documents provided by the Client which may include tax returns, financial statements, wills, trust documents, estimated social security statements, insurance summaries, account statements and other relevant documents, the Advisor will typically prepare a written executive summary and financial plan which addresses the Client's financial objectives and needs.

For NBCS' services the Client will pay a negotiated flat fee or a percentage of assets under management. The amount of any negotiated fee is based upon the nature and complexity of the Client's situation, needs and other relevant factors and are discussed and agreed upon prior to commencement of the preparation of the executive summary and final plan.

Depending upon the total assets involved, strategies required, and complexity of overall plan structure, fees may range from a minimum of \$100 to a maximum of \$10,000. Some clients may pay higher or lower fees. Advisory fees are not charged for insurance analysis. In all cases, the fee is negotiated and agreed upon with the Client prior to the delivery of any Financial Plan. Additionally, such fees expressly do not cover any fees due to any trustee, custodian, investment manager or sponsor with respect to any account, any brokerage commissions with respect to transactions, or any other fees, costs or expenses for the implementation of the financial plan.

After the Client receives the Financial Plan, the Client may choose to implement all, or a portion of the financial plan with NBCS, but is not obligated to do so. Should the Client choose to implement any or all of the strategies recommended with NBCS, one or more accounts would need to be established and would be subject to separate fees or commissions associated with that specific program as disclosed within the Client Agreement(s).

Item 5 – Fees and Compensation

The advisory fees for the IA services offered by NBCS are based upon an annual percentage of the individual client's assets under management. These fees will generally range from .75% to 2.50% annually based on the market value of assets in the client's portfolio and complexity of the client's account.

The fee range above includes the fees for the advisory services of NBCS. The fee also includes the fees for the advisory services of a sub-advisor within the ProAM, APS, Resource II or RBC Advisor Program. Brokerage commissions, custody fees and certain associated expenses described below will be paid for IA clients by NBCS. It is estimated that management services of Advisor will account for one-third to three-quarters of the fee, and the balance will be used to pay for brokerage services. Depending on the actual activity in a client's portfolio, however, the amount of fees related to brokerage services may be greater or less than the amount estimated.

In the ProAm Program, each sub-advisor establishes its own management fee that generally ranges from 0.25% to 1.00% of assets under management. This fee is included within the costs of the program and will be paid by NBCS to the sub-advisor. Sub-advisors in the ProAM Program may direct certain securities transactions (e.g., IPO's; foreign securities) to brokers other than RBC Capital Markets Corporation and in such instances the client may incur a commission charge or other settlement or transaction charge.

Affiliated sub-advisor(s) will receive compensation for the services provided. NBCS may benefit financially from the fees paid to affiliated sub-advisors. The underlying stocks, bonds, mutual funds, and other securities purchased or sold by an affiliated sub-advisor are not deposits of any bank, are not insured or otherwise protected by the FDIC, and may lose value including the possible loss of principal.

In the APS program, transactions including stocks, bonds and mutual funds will incur a \$14.95 ticket charge per trade to cover NBCS' transaction execution and clearing services. Mutual fund purchases in certain listed "no transaction fee" funds can be purchase with no transaction charges. Listed equity trades over 2000 shares also incur an additional \$0.02 (two cent) per share charge. Option trades incur an additional \$2.50 per contract charge.

Fees for ProAm, APS, Resource II and RBC Advisor are calculated as a percentage of the account value. Fees are payable in advance on a quarterly basis and calculated based on RBC Capital Markets Corporation's appraisal of the market value of the assets in the account as of the last business day of the preceding calendar quarter or alternative quarter as elected. Where permitted, Client may elect to be billed on an alternative quarterly cycle. The client can elect to be invoiced for the amount of the fees, authorize Advisor to deduct the amount of the fees from the account, or direct NBCS to deduct fees from another client account.

Fees are prorated for any billing period that is less than a complete calendar quarter, or alternative quarter as elected, and the fee is adjusted proportionately based on the value of cash or securities added to or withdrawn from the account between billing periods. If a client account is terminated prior to the last day of the calendar quarter, or alternative quarter as elected, then a pro rata portion of the fees paid by the client, based on the days remaining in the quarter, will be refunded to the client.

Advisory clients may terminate an advisory relationship within five business days of signing an advisory agreement without penalty or thereafter upon receipt of written notice by either party. Upon termination of an advisory relationship, any unearned, paid fees will be refunded to the client on a prorated basis.

NBCS typically requires a \$50,000 minimum investment for equity and fixed income accounts. Sub-advisers may impose additional minimum accounts sizes ranging as high as \$1 million. Clients should review the disclosure documents of sub-advisers for additional information. Mutual fund accounts typically require a minimum investment of \$25,000. NBCS will only offer these services if appropriate to the client's needs and financial situation. The advisory fee and account minimums are negotiable.

The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Rule 205-3 of the Investment Advisers Act of 1940).

The advisory fees of NBCS are separate and in addition to the fees and expenses charged by any mutual funds in which client assets may be invested. Information about any mutual fund's fees and expenses may be found in the prospectus for each mutual fund. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest

in a mutual fund directly, without the services of Advisor. In that case, the client would not receive the services provided by NBCS which are designed, among other things, to assist the client in determining which mutual fund or funds are the most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by NBCS to fully understand the total amount of fees and to thereby evaluate the advisory services for which the client is paying.

ADDITIONAL INFORMATION ABOUT ADVISORY FEES

NBCS considers it appropriate and necessary for the IA programs described in this brochure to use the brokerage and execution services of RBC Capital Markets Corporation. Clients must elect to use RBC Capital Markets Corporation for clearing and execution services. In directing the use of RBC Capital Markets Corporation, clients should recognize that NBCS may not be able to obtain best execution for all transactions.

In a prospective client's consideration of the investment programs described in this brochure, a prospective client should be aware that the program may cost a client more or less than purchasing the actual services separately from other advisers or broker-dealers. The factors that should be considered by a prospective client include the size of a client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, if any, the anticipated level of trading activity and the amount of advisory fees only for managing the client portfolio.

As the advisory fees and commissions charged may be negotiable, those fees and charges may vary among Advisor clients based upon a number of factors, including the anticipated level of account activity, the size of the client's account, the types of investments, and the nature of related services provided, among other things.

As explained above, the fee paid to NBCS may be more than what NBCS would receive if the client paid separately for investment advice, brokerage and other services. Therefore, Advisor and its representatives may have a financial incentive to recommend the wrap fee program over purchasing these services separately.

Item 6 – Performance-Based Fees and Side-By-Side Management

In some cases, NBCS has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. NBCS will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, NBCS shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for NBCS to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of

investment opportunities. NBCS has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

NBCS may provide portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, private investment funds, trust programs, sovereign funds, and other U.S. institutions.

NBCS advisory accounts typically require a \$50,000 minimum investment for equity and fixed income accounts. Sub-advisers may impose additional minimum accounts sizes ranging as high as \$1 million. Clients should review the disclosure documents of sub-advisers for additional information. Mutual fund accounts typically require a minimum investment of \$25,000. Advisor will only offer these services if appropriate to the client's needs and financial situation.

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

NBCS' own investment management services generally cover exchange-listed, over-the-counter and foreign securities, warrants, corporate debt securities, municipal securities, investment company securities including variable life insurance, variable annuities, and mutual funds, U.S. Treasuries, and options contracts on securities.

The firm utilizes a number of investment strategies in implementing the investment services provided to clients which may include long and short term purchases, trading, margin transactions and option strategies. Some strategies involve higher degrees of risk and will only be used when appropriate to the individual needs of the client.

NBCS utilizes a number of sources of financial information in the firm's analysis of securities including financial publications and analyses, research reports, corporate rating services, annual reports, prospectuses, SEC filings, company press releases, and on-line services and information available on the Internet. Various methods of analysis are utilized including technical and fundamental analysis, as well as charting and cyclical analysis.

For more information on the securities analysis methods, sources of information and investment strategies of third party and affiliated investment advisers participating as sub-advisers in the ProAM Program, clients should review the sub-advisers' disclosure documents. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Advisor or the integrity of Advisor's management. NBCS has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The principal executive officers, directors and other employees of NBCS are also registered representatives of NBCS. These individuals will be able to receive separate, yet customary commission compensation resulting from executing securities transactions on behalf of clients, including the implementation of financial planning recommendations. Clients are under no obligation to use NBCS representatives for the implementation of financial planning recommendations and may choose any broker dealer. NBCS representatives may receive separate and typical compensation for the implementation of securities transactions. While these individuals endeavor at all times to put the interest of the clients first as part of NBCS's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

NBCS's principal executive officers and associated persons spend as much as 80% of their time on the brokerage business of NBCS.

NBCS Asset Management is a division of NBC Securities, Inc. NBCS Asset Management offers proprietary portfolio management services under the ProAM Investment Advisory Program.

NBCS maintains a financial networking arrangement with Centerstate Bank of Florida. Joe Keating, Portfolio Manager for NBCS Asset Management (a division of NBC Securities, Inc.) is also Chief Investment Officer for Centerstate Bank of Florida. Pierre Allard, Portfolio Manager for NBCS Asset Management (a division of NBC Securities, Inc.) is also an employee of Centerstate Bank of Florida.

Item 11 – Code of Ethics

NBCS' Code of Ethics, summarized below, is also available separately at the request of a client or prospective client:

NBC Securities, Inc. is committed towards ensuring that in our capacity as an investment adviser as well as a broker dealer we:

- Work in the best interests of our clients and not allow personal interests of those of the organization to take precedence over the interest of our clients;
- Act with due skill, care, and diligence in conducting our business and all transactions and trading activities;
- Protect client information at all times;
- Respect the intellectual property rights of others;
- Prevent and/or fully disclose any perceived or real conflicts of interest;
- Preserve honesty, integrity, and trust in all communications with clients, employees, and shareholders.
- Prevent the use or dissemination of insider information and unsubstantiated rumors
- Adopt procedures to supervise the activities of its representatives

NBCS has adopted this Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

NBCS anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which NBCS has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which NBCS, its affiliates and/or clients, directly or indirectly, have a position of interest. NBCS' employees and persons associated with NBCS are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of NBCS and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for NBCS' clients. NBCS and its associated persons may recommend or buy and sell securities for their own accounts or for the accounts of other clients which differ from the securities recommended to other clients or actions taken in providing advisory services to other clients. It is the expressed policy of NBCS that no person employed by NBCS may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

As these situations may represent a conflict of interest, NBCS has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A director, officer or employee of NBCS shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of NBCS shall prefer his or her own interest to that of the advisory client.
- 2) All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
- 3) NBCS emphasizes the unrestricted right of the client to decline to implement any advice rendered by NBCS.
- 4) NBCS requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any individual not in observance of the above may be subject to termination.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of NBCS will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of NBCS' clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to

client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored on a quarterly basis under the Code of Ethics, and to reasonably prevent conflicts of interest between NBCS and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with NBCS' obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. NBCS will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is NBCS' policy that the firm will not affect any principal or agency cross securities transactions for client accounts. NBCS will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

NBCS' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Scott Wilkins at (205) 521-9390.

Item 12 – Potential Conflicts of Interest

NBCS, in its capacity as a securities broker-dealer and investment adviser, is routinely engaged in various securities transactions and trading activities for various clients and customers which could create conflicts of interest among its other clients and customers.

As a full service broker/dealer, on an ongoing basis and as permitted by applicable law, NBCS may, when appropriate:

- act as principal, buy securities from or sell securities to a client;

- act as broker or agent, effect securities transactions for compensation for a client;
- act as broker or agent for any person other than a client, effect transactions in which client securities are sold to or bought from a brokerage client;
- recommend to clients that they buy or sell securities or investment products in which NBCS or a related person has some financial interest; or
- buy or sell for itself securities that it also recommends to clients.

NBCS may from time to time incur trade errors. In these instances, NBCS may profit from the error or may incur a loss. Regardless, the client transaction will not be affected.

NBCS has adopted and enforces internal policies and procedures with respect to conflicts of interest between NBCS and its clients. Pursuant to these policies and procedures, NBCS, when engaging in the activities enumerated above, treats client orders fairly and does not give its own orders preference over client orders. Where required by applicable law or exchange rules, NBCS obtains the consent of affected clients in advance of any transactions in which NBCS will be engaging in the activities referenced above. When NBCS engages in the activities referenced above, all statements and/or confirmations of such transactions contain the disclosures required by applicable law and exchange rules. Securities activities are monitored quarterly to detect and prevent NBCS employees from trading ahead of its client accounts.

It is the duty of the investment manager to seek the best net price and execution on securities trades for client accounts. In the event that NBCS sells a security to or buys a security from a client from its inventory accounts, NBCS will use all reasonable efforts to assure that the client obtains the best net price and execution on the purchase or sale based on prevailing inter-dealer market prices. In some circumstances, the change in market price may result in a financial benefit to NBCS.

NBCS and its affiliates may give advice and take action in performing their duties to the client that differ from advice given, or the timing and nature of action taken, with respect to Program clients. In the course of their respective investment banking activities or otherwise, NBCS and its affiliates may from time to time acquire material non-public or other information about corporations or other entities or their securities. NBCS and its affiliates are not obligated and may not be permitted to divulge any such information to or for the benefit of Program clients, or otherwise act on the basis of any such information in providing services to clients. NBCS, its related persons and affiliates may purchase for their own accounts securities that are recommended to Program clients.

It is contemplated that Investment Managers in the Pro Am Program will effect substantially all portfolio trades for Program accounts with or through NBCS or RBC Capital Markets. This arrangement could create an incentive for NBCS to recommend investment managers with lower portfolio turnover rates. This arrangement may also create a financial incentive for investment managers to refrain from searching as actively among other securities brokers and dealers for best execution.

From NBCS's perspective, depending on the fee level and the portfolio turnover rate in an account, the bundled compensation arrangement under the Program may provide more total compensation to NBCS than the combined compensation from the client in an unbundled arrangement (that is, if NBCS were paid separately for investment advisory services, brokerage and other services). Therefore, NBCS might have a financial incentive to recommend this Program over other suitable NBCS services and programs or to effect fewer portfolio transactions than it would affect under an alternative fee arrangement. Further, although NBCS is required to compare its own trading and execution capabilities with that of other brokers and dealers, the fee arrangement under the Program may create an incentive for NBCS to refrain from searching as actively among other securities brokers and dealers for best execution. In addition, a portion of the Program fees are paid to Financial Consultants of NBCS. This compensation may be more than a Financial Consultant would receive if a client participated in another NBCS program or paid separately for investment advice, brokerage and other services. Therefore, Financial Consultants may have a financial incentive to recommend Pro Am over other available services and programs.

NBCS Asset Management, a division of NBC Securities, Inc., may act as portfolio manager (sub-advisor) in the Pro Am Investment Advisory Program. If a client selects NBCS Asset Management as portfolio manager (sub-advisor) it should be considered the same as selecting NBC Securities, Inc as their portfolio manager. In such cases, NBCS will receive compensation under the terms of its agreement as the portfolio manager (sub-advisor). The participation of NBCS as a portfolio manager (sub-advisor) in Program may create an incentive for NBCS to recommend itself over a more qualified and suitable non-affiliated investment manager.

NBCS may receive payments from mutual fund companies, investment managers, and exchange traded fund companies. The firm uses this money for general marketing and educational programs, to offset compliance and product management costs, and to support client education, NBCS financial consultant education, and other internal programs and educational seminars. In return for the payments, fund companies and investment managers are given access to NBCS branch offices for the purpose of educating its employees and informing them about the available products. NBCS does not receive any extra commission for selling funds

from these companies, nor do they receive additional compensation by using a specific investment manager in one of NBCS' advisory programs. Each Financial Consultant individually evaluates the mutual fund and investment manager, and then works with the client to choose the appropriate investment for the client's individual financial needs

Mutual fund companies may make payments, which may be based on assets and/or sales volume, to NBCS via the fund's distributor, investment advisor, or other entity. These payments are generally made from the management fees they earn. NBCS may receive a portion of these payments for distribution and servicing expenses related to shares of money market funds included as sweep options to cash accounts. The payment formula is consistent for all of these funds.

NBCS may also receive payments to help offset the cost of maintaining shareholder accounts, a service which is typically performed by a fund's transfer agent. This service includes responsibilities such as sending shareholder statements, maintaining shareholder records, and performing regulatory mailings.

When utilizing no-load mutual funds within an account, clients will be paying the Program fee on those shares, which could otherwise be purchased outside of the Program at no additional cost. Additionally, by investing in mutual funds within a Program account, management fees and other fees charged by a mutual fund company are not included as a part of the Program fees, and could result in higher costs to the client.

In addition to money market funds, account assets may from time to time be invested in shares of other, unaffiliated open-end investment companies (mutual funds), provided that no front-end or deferred sales charge is payable in connection therewith. Such mutual funds may, however, provide for the payment of certain Rule 12(b)-1 and other similar asset-based charges. These payments may, where permitted under applicable regulatory requirements, be made to and retained by NBCS financial consultant and/or NBCS. If, and to the extent that account assets are invested in mutual funds and/or variable annuities, the client may indirectly pay duplicate advisory and other fees in connection with such investments.

An officer or an employee of NBCS may serve on the board of directors of the company whose securities it recommends to clients.

Item 13 – Brokerage Practices

NBCS has the authority to select brokers and dealers to execute portfolio transactions on the client's behalf for the client account and to select the markets in which such transactions will be executed. Consistent with NBCS' duty to the client to seek and obtain best execution on securities transactions, most securities transactions will be effected with and through the RBC

Capital Markets Corporation in all programs. NBCS considers it appropriate and necessary for the IA programs described in this brochure to use the brokerage and execution services of RBC Capital Markets Corporation. Clients must elect to use RBC Capital Markets Corporation for the execution services for the inclusive wrap fee arrangement. In directing the use of RBC Capital Markets Corporation, clients should recognize that NBCS may not be able to obtain best execution for all transactions.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Item 14 – Review of Accounts

ProAm Program and APS Program accounts are reviewed by one or more members of the NBCS Investment Committee on at least a quarterly basis. The designated supervising principal or his/her designee also reviews all transactions within client accounts on a daily basis.

APS Program accounts are continuously managed by the representative assigned to the account. APS Program accounts are reviewed as necessary, and at least quarterly, in response to such variables as market and economic conditions, political circumstances, and the individual needs of the client.

Item 15 – Client Referrals and Other Compensation

NBCS may, from time to time, receive 12b-1 administrative fees, and/or other fees as outlined in the investment company prospectus, from investment companies in connection with the placement of client funds into investment companies.

While NBCS endeavors at all times to put the interest of the clients first as part of its fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of this firm when making recommendations. A portion of the fees or commission charged for Advisory services described herein may be paid to our financial consultants in connection with the introduction of the accounts as well as for providing client-related services within the advisory program. NBCS may, in its sole discretion, advance a portion of the first year's estimated fees to the financial consultant whose client invests in the Advisory program.

NBCS may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. NBCS is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940. As such, appropriate disclosure shall be made, all written instruments will be maintained by NBCS and all applicable Federal and/or State laws will be observed. This compensation is generally in the form of a percentage of the fees described herein.

Item 16 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. NBCS urges you to carefully review such statements and compare such official custodial records to the account performance reports that we may provide to you. Our performance reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 17 – Investment Discretion

In certain circumstances, subject to the approval of management, the firm will permit investment advisor representatives to maintain discretion as to the identity and amount of securities to be purchased or sold (limited discretionary authority). In such cases, the NBCS usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, NBCS observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, NBCS' authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to NBCS in writing.

Item 18 – Voting *Client* Securities

NBCS shall not vote proxies on behalf of the Account. Except as provided below, NBCS will forward all proxy solicitation and related materials, including annual and interim reports and any other issuer mailings that are received with respect to the securities in an Account, to Client to vote. To the extent that instructions regarding the voting of proxies are not received and as permitted by law, NBCS will comply with the rules of Financial Industry Regulatory Authority ("FINRA"), the New York Stock Exchange, Inc. and the SEC relating to such matters unless required by applicable law, NBCS and the Investment Manager(s) will not be obligated to render any advice to or take any action on behalf of Client with respect to legal proceedings, including bankruptcies or class actions, involving securities held or previously held in an Account or involving the issuers of such securities. The sole obligation of NBCS and each Investment with respect to any such legal proceeding is to forward to Client, or Client's designee, within a reasonable period of time, any materials or other information with respect to such legal proceeding received from the issuer or third parties.

Unless required by applicable law, NBCS and the Investment Manager(s) will not be obligated to render any advice to or take any action on behalf of Client with respect to legal proceedings, including bankruptcies or class actions, involving securities held or previously held in an

Account or involving the issuers of such securities. The sole obligation of NBCS and each Investment with respect to any such legal proceeding is to forward to Client, or Client's designee, within a reasonable period of time, any materials or other information with respect to such legal proceeding received from the issuer or third parties.

Client may designate in the Client Agreement to have the selected Investment Manager(s) (subject to their acceptance) receive proxy solicitations and to vote proxies on Client's behalf. Alternatively, Client may give written instructions to NBCS to direct all proxy solicitations to an independent third-party selected by Client to vote on Client's behalf. Identification and selection of an independent third-party and payment of any additional costs associated with the voting of proxies shall be the express responsibility of Client.

Item 19 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Advisor's financial condition. NBCS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.