

Sunbelt Securities, Inc.

Form CRS Relationship Summary

FINRA Member Broker Dealer and Registered Investment Adviser

June 30, 2020

Sunbelt Securities, Inc. (SBS) is a broker-dealer and an investment adviser registered with the Securities and Exchange Commission (SEC). SBS is also a member of the Financial Industry Regulatory Authority (FINRA).

Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me? We are a Broker-Dealer and Registered Investment Adviser and offer both brokerage and investment advisory services. However, not all our financial professionals are able to offer you investment advisory services. Please discuss this with your representative.

Our **brokerage services** include buying and selling securities at your direction and providing you with investment recommendations, planning services, and investor education from time to time or upon your request. We offer mutual funds, exchange traded funds (ETFs), domestic and international equities, options, fixed income securities, certificates of deposit (CDs), Unit Investment Trusts (UITs), variable annuities, and alternative investments. Most alternative investments require investors to qualify as an accredited investor. Unless we separately agree in writing, we do not monitor your brokerage account and you make the ultimate decision regarding the purchase or sale of investments.

Our **advisory services** include our asset allocation services using mutual funds, exchange traded funds (ETFs), domestic and international equities, options, fixed income securities, alternative investments and managed portfolios from third-party investment managers. Depending on which program you select, our asset allocation services are either “non-discretionary” or “discretionary”—meaning that either we will recommend investments to you and you will make the ultimate decision regarding the purchase or sale of investments (non-discretionary), or we will make the ultimate investment decisions without your permission (discretionary). The third-party managers we make available to you will invest your account on a discretionary basis using mutual funds, ETFs, and other securities. All our advisory services are offered through “wrap fee programs” (as described below) and either we, or the third-party manager, will discuss your investment goals and design a strategy to help achieve your investment goals, and regularly monitor your account. We will contact you (by phone or email) at least annually to discuss your portfolio.

For additional information, please see *Regulation Best Interest Disclosures, Form ADV, Part 2A brochure (Items 4 and 7 of Part 2A or Items 4.A. and 5 of Part 2A Appendix 1)* and other applicable documents. Our affiliate, SouthCoast Assurance, Inc. offers a variety of insurance products, including fixed and immediate annuities and life insurance.

Conversation Starters. Ask your financial professional—

- *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

What fees will I pay? The fees you pay depend on whether you choose brokerage services, advisory services, or both.

For **brokerage services**, the fee, or commission, you pay is based on the specific transaction and not the market value of your account. The more transactions in your account, the more commissions we charge you. **Therefore, we have an incentive to encourage you to trade more frequently, and in greater amounts.** With equities or exchange traded funds, this fee is usually a separate commission. With other investments, such as fixed income securities, this fee is part of the price you pay for the investment (called a “mark-up” or “mark-down”). With mutual funds and alternative investments, this fee, typically called a “load” reduces the value of your investment. Our commissions are negotiable. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us. From a cost perspective, you may prefer a transaction-based fee if you do not trade frequently or if you plan to buy and hold investments for longer periods of time.

For **advisory services**, the principal fees and costs are the “wrap” program fee for the program you select. These fees are “asset-based” meaning that the fee is calculated as a percentage of the assets invested in your advisory account according to the fee schedule in your advisory agreement with us. This means that the more assets you invest in your account, the more you will pay in fees, and therefore **we have an incentive to encourage you to increase your advisory account assets.** Our annual advisory fee is no higher than 2.5%. A wrap advisory fee includes transaction costs paid to a broker-dealer or clearing firm that has custody of your assets; and therefore, is typically higher than the typical asset-based advisory fee that does not include transaction costs and fees. Our clients typically pay the advisory fee monthly, but please see your advisory agreement for the payment frequency that applies to your account. Our advisory fees vary by financial professional and are negotiable. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us. An asset-based fee may cost more than a transaction-based fee, but you may prefer an asset-based fee if you want continuing advice or want someone to make investment decisions for you.

Regardless of whether you select an advisory account or a brokerage account, you will incur other fees. Some investments, such as mutual funds, ETFs, UITs, variable annuities, and alternative investments impose additional fees and expenses that are included in the expense ratios of your investments. You may also pay miscellaneous fees that your account’s custodian may charge, including wire fees, transfer fees, account maintenance fees and other account related expenses.

You will pay fees, commissions and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For additional information, please see *Form ADV, Part 2A brochure (Items 5.A., B., C., and D), advisory agreements, and Regulation BI disclosures.*

Conversation Starters. Ask your financial professional—

- *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have? When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. **At the same time, the way we make money creates some conflicts with your interests.** You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.

Examples of Ways We Make Money and Conflicts of Interest.

- **Revenue from Third Parties:** We receive payments from certain third-party product sponsors and managers (or their affiliates) when we recommend or sell certain products. As such, we have an incentive to recommend (or to invest your assets in) products of third parties that pay us over products of third parties that do not pay us or pay us less. Certain managers and sponsors (or their affiliates) share the revenue they earn when you invest in certain of their investment products (primarily mutual funds and variable annuities) with us. As such, we have an incentive to recommend (or to invest your assets in) products of sponsors and managers that share their revenue with us, over other products of sponsors or managers that do not share their revenue, or who share less.
- **Product Related Conflicts:** Financial professionals provide recommendations with respect to a broad range of investment products, including stocks, bonds, ETFs, mutual funds, annuities and alternative investments. Each type of investment product carries unique risks, and many investment products charge fees and costs that are separate from and in addition to the commissions and fees that SBS and financial professionals receive. You can learn more about these risks and the fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents.
- **Non-Cash Compensation:** – SBS and its financial professionals receive non-cash compensation from investment sponsors that is not in connection with any customer or investment. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, customer workshops or events, or marketing or advertising initiatives.
- **Revenue Sharing with Clearing Firm:** SBS receives various forms of revenue from its clearing firm based upon client servicing activities as well as the amount of assets transferred to its clearing firm. SBS receives a portion of certain fees collected by its clearing firm including, but not limited to, money market 12b1 fees, bank sweep deposit credits, margin interest charges, IRA fees, wire transfer fees, account inactivity fees, and other ancillary fees.
- **Other Potential Conflicts:** If a customer decides to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with SBS, because we will be paid on those assets, for example, through commissions, fees and/or third party payments.

For additional information, please see Regulation Best Interest Disclosures, Form ADV, Part 2A brochure and other applicable documents.

Conversation Starter. Ask your financial professional—

- *How might your conflicts of interest affect me, and how will you address them?*

How do your financial professionals make money?

Cash Compensation - Your financial professional, in his/her capacity as a registered representative of SBS, is paid a commission for each transaction effected in the brokerage accounts serviced. For advisory services, financial professionals are compensated based upon a percentage of the advisory fees generated on client assets that are managed.

Non-Cash Compensation -From time to time, product sponsors contribute toward training and educational programs. Financial professionals do not receive a portion of these payments; however, receipt of non-cash compensation such as occasional gifts, meals or entertainment and/or their attendance and participation in educational or training forums, and the increased exposure to vendors who sponsor these events, may lead financial professionals to recommend the products and services of those vendors as compared to those vendors that do not provide non-cash compensation or sponsor such events.

Transition Assistance -In general, if your financial professional is joining SBS from another firm, you should discuss the reasons your financial professional decided to change firms and any costs or changes in services you would incur by transferring your accounts to SBS. In many cases, SBS provides financial professionals transition assistance when they join the firm.

Do you or your financial professional have legal or disciplinary history?

Yes. Visit Investor.gov/CRS for a free and simple search tool to research us and our financial professional.

Conversation Starter. Ask your financial professional—

- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

For additional information about our services, please visit our website, www.sunbeltsecurities.com. If you would like additional, up-to-date, information or a copy of this disclosure, please call 713.965.9510.

Conversation Starter. Ask your financial professional—

- *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*