



a Registered Investment Adviser

5320 Northshore Drive
North Little Rock, AR 72118

(501) 219-2434

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www.sowellmanagement.com

This brochure provides information about the qualifications and business practices of Sowell Management (hereinafter “Sowell Management” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov. The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

Sowell Management is required to discuss any material changes that have been made to the brochure since the last annual amendment dated March 27, 2020.

Item 4: Revised maximum fees for financial planning. Addition of self-directed financial planning tools.

Item 4 was amended to disclose information about Sowell Affinity.

Item 4 was amended to disclose information about the Sowell's Flex accounts.

Item 5 was amended to disclose additional information about Third Party Investment Advisory Fees.

Item 8 was amended to include additional disclosures about the risks of investing with third-party managers.

Item 10: Other Financial Industry Activities and Affiliations has been amended to reflect the removal of Galileo Money+ bank accounts.

Item 10: Commissions and Sales Charges for Recommendations of Securities has been revised to further disclose the compliance related to brokerage services offered by an unaffiliated commission broker-dealer.

Item 10: Added additional disclosures about third-party investment management platforms.

Item 12: Brokerage Practices was amended to reflect additional information about bunched and blocked trades.

Additional Disclosure was added to discuss Sowell's Business Continuity Plan.

Item 3 Table of Contents

Item 2. Material Changes2

Item 4. Advisory Business.....4

Item 5. Fees and Compensation.....9

Item 6 Performance-Based Fees and Side-by-Side Management..... 13

Item 7. Types of Clients 13

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss 14

Item 9. Disciplinary Information 16

Item 10. Other Financial Industry Activities and Affiliations 16

Item 11. Code of Ethics..... 18

Item 12. Brokerage Practices..... 19

Item 13. Review of Accounts 21

Item 14. Client Referrals and Other Compensation..... 22

Item 15. Custody 22

Item 16. Investment Discretion 22

Item 17. Voting Client Securities 23

Item 18. Financial Information..... 23

Business Continuity Plan..... 23

Item 4. Advisory Business

Sowell Management is a fee-based investment adviser located in North Little Rock, Arkansas. Sowell Management provides investment portfolios for individuals, retirement plans, corporations, registered investment advisers and institutions. The firm has many branch office locations located in various states operating under a variety of names. In most cases, each name is a separately incorporated business owned by an investment advisor representative (“IAR”) or multiple IAR’s. The firm has an independent contractor model where IAR’s are generally not Sowell Management employees but rather independent contractors whose services, including portfolio management, can vary significantly from one another. In addition to this independent contractor model, Sowell Management also provides services such as portfolio management, trading, compliance consulting, marketing, outsourced financial planning, and technology to certain IAR’s and unaffiliated registered investment advisors (“RIAs”).

The firm was established in 2001 by Sowell Management, Inc. and Cindy Sowell. Sowell Management Inc. is owned by William Sowell and his family. As of March 1, 2021, Sowell Management had \$ 3,171,562,491 in assets under management, \$ 3,157,169,346 of which was managed on a discretionary basis and \$ 14,393,145 of which was managed on a non-discretionary basis.

Sowell Management is committed to helping clients build, manage, and preserve wealth, and to provide assistance to clients to help achieve their stated financial goals and investment objectives. Sowell Management offers a variety of advisory services, which include financial planning, financial consulting, and investment management services. Prior to Sowell Management rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Sowell Management setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

While this brochure generally describes the business of Sowell Management, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees, independent contractors or any other person who provides investment advice on Sowell Management’ behalf and is subject to the Firm’s supervision or control.

Investment Management Services

Sowell Management manages client investment portfolios on a discretionary or non-discretionary basis. Sowell Management primarily allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), and individual debt and equity securities in accordance with their stated investment objectives.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage Sowell Management to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and variable annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Sowell Management directs or recommends the allocation of client assets among the various investment options available within the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

Sowell Management typically begins its investment management services by using a confidential Risk

Assessment Questionnaire (“RAQ”) or similar document that provides questions regarding a client’s time horizon, long-term goals and expectations, and short-term risk attitudes. The RAQ or similar document will help clients identify their most comfortable style of management. Clients may also indicate any special instructions or limits in managing assets.

Through continuous monitoring of asset class segments’ return and risk factors, the Firm may change portfolio asset mixes in an effort to help meet objectives. The specific percentages allocated to each asset class may vary due to the nature of asset performance and/or the strategy selected. It is the Firm’s intent to maintain a risk exposure commensurate with each client’s objectives by using the various investment portfolio choices available under the strategy selected by that client.

The advisory services provided by each Sowell Management IAR may vary. Sowell Management IAR’s tailor advisory services to meet the needs of their individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Sowell Management IAR’s consult with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. When acting as a sub-advisor for other registered investment advisers, the Firm relies upon this information to be provided by that investment adviser and the Firm does not work directly with the individual client. Clients are advised to promptly notify Sowell Management if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Sowell Management determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

Third Party Investment Advisory Services

We also provide individualized client services through the selection of a suitable third-party money manager, or sub-advisor. Factors considered in the selection of a third-party manager include, but may not be limited to, an IAR’s preference for a particular third-party manager, client risk tolerance, investment timeframes, goals, and objectives, as well as investment experience, and the amount of assets available for investment.

We receive compensation for introducing clients to third-party asset managers and for certain ongoing services provided to clients. These arrangements create a potential conflict of interest because we may have an incentive to refer a client to these third-party asset managers.

All third-party asset managers to whom we refer clients are licensed as investment advisers by their resident states and any applicable jurisdictions or by the Securities and Exchange Commission.

Sub-Advisory Services

Under separate agreement we will have the authority to allocate and reallocate client assets among various investment managers and will allocate assets to Sub-advisors based on that authority. Sub-advisors are licensed as investment advisers by their resident states and other applicable jurisdictions or with the Securities and Exchange Commission.

The Sub-advisor will have the power and authority to supervise and direct all investment decisions for those accounts designated by the Firm on a discretionary basis, including the purchase and sale of securities and any other transactions unless specifically directed otherwise in writing.

The Sub-advisor will have discretionary authority to aggregate (combine) purchases and sales of securities with similar orders of other clients and proportionately divide up securities if unable to fill all orders. An account will be deemed to have purchased or sold its proportionate share of the securities at the average price determined for the overall transaction when transactions are aggregated. More information on the Sub-advisor's aggregation policies is shown in each Sub-Advisor's brochure.

Sowell Affinity

Sowell Management has entered into a sub-advisory agreement with Affinity Investment Advisors, LLC ("Affinity") to offer investment management services to clients of Sowell Management. Clients of Sowell will not pay additional fees for use of Affinity services; Sowell pays Affinity a portion of the client's management fee. Affinity also acts as the sub-advisor to the Affinity World Leaders Equity ETF ("ETF", WLDR). The ETF may be recommended to the client portfolios sub-advised by Affinity if such investments are consistent with the investment objectives of the client. If Affinity makes such an investment, those clients will be responsible, indirectly (as investors in the ETF) for a portion of the operating expenses and investment advisory fees, in addition to the management fee charged by Sowell and Affinity.

Flex Accounts

The Sowell Flex program offers unified managed account (UMA) platforms that allow the firm and our IARs the ability to open an account and utilize multiple third-party investment strategies as well as individual securities. To open a Flex account your IAR will obtain the necessary financial data from you to assist with setting appropriate investment objectives, determining the suitability of the program, and in opening your account. The IAR assists the client with selecting a model portfolio of securities designed and managed by a third-party investment adviser available through the Flex platform.

The third-party investment advisors typically construct various model investment portfolios that are managed according to specific investment strategies associated with the respective models, and that are not generally customized for individual clients. Generally, you may request reasonable investment restrictions on investing in securities. Sowell, Sowell Affinity, or other third-party investment advisors are granted client authority by you in client and custodian agreements, to purchase and sell securities on a discretionary basis pursuant to investment objectives identified by you.

The services provided by each third-party investment advisor in the Flex program are unique; you should request and carefully review the applicable Brochure for each third-party investment advisor for information about the services provided by the third-party investment adviser, including a description of the third-party investment advisers background, investment strategies, conflicts of interest, and other relevant information regarding the third-party investment adviser.

Sowell utilizes services of the Adhesion Wealth and SmartX Advisory Solutions platforms to deliver its Flex account services to you. Since the services provided by Adhesion Wealth platform and SmartX Advisory Solutions are unique, you should request and review the Brochure for each firm for more information about the services provided by each company. Clients may request a copy of the Brochure for any third-party adviser or Adhesion Wealth and SmartX from their IAR or by visiting www.adviser.in.sec.gov.

Financial Planning and Consulting Services

The Firm's investment management services may include the analysis of a client's situation and assistance in identifying and implementing appropriate financial planning and investment management techniques to help meet specific financial objectives.

Sowell Management' financial planning and consulting services may include any or all of the following functions:

- Determination of appropriate income planning strategies for both pre- and post-retirement.
- Review of existing and proposed investment asset mixes.
- Calculation of pre-retirement savings and investing needs.
- Assessment of overall financial position including net worth, cash flow, and debt.
- Comprehensive analysis of IRA-related issues.
- Estimates of federal estate taxes and a suggested plan of action to help meet estate planning objectives.
- Review and determination of life and disability insurance needs.
- Suggestions for minimizing federal and state income tax obligations.
- Development of investment strategies consistent with business ownership succession and transition planning.

In performing these services, Sowell Management is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Sowell Management may recommend clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents or registered representatives to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Sowell Management or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Sowell Management under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Sowell Management' recommendations and/or services.

Subscription Self-Directed Financial Planning Tools and Assistance

Certain IARs may offer self-directed financial planning tools through a website portal. These tools include but are not limited to budgeting, debt reduction, insurance planning, college planning, and may include access to a financial planner / IAR for consultation. Additional comprehensive financial planning services are available depending upon your needs.

Retirement Plan Advisory Services

Retirement Plan Advisory Services consists of helping employer plan sponsors to establish, monitor and review their company's retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment selection and monitoring, plan structure, and participant education.

Sowell Management offers management of 401(k), 457, and 403(b) accounts both on a plan level and on the individual participant level. On the plan level the Firm manages the investment line-up making changes as necessary as well as providing risk-based investment models for the participants. On the individual participant

level, the Firm manages risk-based models using the current investment lineup based on risk tolerance of the individual investor.

Plan Level

Sowell Management will establish the plan's needs and objectives through an initial meeting to collect data, review plan information, and assist in developing or updating the plan's provisions. Ongoing services may include recommendations regarding the selection and review of unaffiliated mutual funds that, in the Firm's judgment, are suitable for plan assets to be invested. The Firm periodically reviews the investment options selected and makes recommendations to keep or replace plans investment options as appropriate. Sowell Management performs a comprehensive review of Investment options and will assist with converting from incumbent service providers to a new service provider if appropriate.

Sowell Management will provide periodic recommendations for the plan's investment allocation. Upon receipt the Firm will review the investment options and provide positions for accounts in accordance with the management style chosen by the client. The analysis with specific fund positions will be sent to the client. Clients are responsible for making the fund changes within the account.

Participant Level

The Firm can also be engaged to provide financial education to plan participants. The scope of education provided to participants will not constitute "investment advice" within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the plan. Sowell Management may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants.

Conflict of Interest – IRA Rollover Recommendations

When recommending that a client rollover his or her account from current retirement plan to an IRA, Sowell and its investment adviser representatives have a conflict of interest. Sowell and its representatives can earn investment advisory fees by recommending that a client rollover his or her account at the retirement plan to an IRA; however, Sowell and its investment adviser representatives will not earn any investment advisory fee if client does not rollover the funds in the retirement plan (unless a client retained the firm to provide advice about the client's retirement plan account or the retirement plan has retained the firm to provide advice at the plan level). Thus, Sowell and its investment adviser representatives have an economic incentive to recommend a rollover of the retirement plan account, which is a conflict of interest. Sowell has taken steps to manage this conflict of interest arising from rolling over funds from an ERISA covered retirement plan to an IRA. Sowell and its investment adviser representatives will (i) provide investment advice to ERISA covered retirement plan participant regarding a rollover of funds from the ERISA covered retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in the firm receiving unreasonable compensation related to the rollover of funds from the ERISA covered retirement plan to an IRA, and (iii) fully disclose compensation received by Sowell and its supervised persons and any material conflicts of interest related to Sowell recommending the rollover of funds from the ERISA covered retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

RIA Co-Brand- Business Entities of Investment Advisor Representatives

Investment Advisor Representatives may have their own legal business entities whose business names and logos may appear on marketing materials approved by RIA firm, or client statements as approved by the Custodian. The Client should understand that the businesses are legal entities of the Investment Advisor Representative and not the RIA Firm, nor the Custodian. Additionally, the business entity may provide services other than as an Investment Advisor Representative as disclosed herein such as CPA, attorney, insurance, broker dealer, as well as other non-investment related services; however, Investment Advisory Services of the Investment Advisor Representatives are provided through RIA Firm. Additional information about the aforementioned arrangement the RIA Firm has with an Investment Advisor Representative can be found within the respective ADV part 2B, also referred to as the brochure supplement which contains information about the educational background, business experience, and disciplinary history (if any) of the IARs who provide advisory services to the client or as listed in the Schedule D of the ADV Part 1.

Signals

Sowell Management has entered into agreements with various third parties that provide investment guidance regarding when to buy or sell certain securities (“Signal Providers”) that Investment Advisor Representatives and other unaffiliated Registered Investment Advisors who utilize our services may consider in managing some or all of their accounts. The Signal Providers will not manage or exercise investment discretion or trading authority over any client account and have no duty to client, fiduciary or otherwise. Sowell Management retains exclusive responsibility for making the determination of whether to implement any of the signals in client accounts. Signal Provider has no contractual or advisory/fiduciary relationship.

Ancillary Services

Sowell Management also provides additional ancillary services to IAR’s in order to support the IAR’s business operations. These ancillary services are needed because the IAR’s operate under a separate legal entity as an independent business model which is separate and distinct from Sowell Management. Those ancillary consulting services may include compliance consulting services as well as consulting services for billing, technology, back office support, portfolio management, trading, onboarding and creative design.

Some or all of these ancillary consulting services are available for use by the respective IAR’s based on its particular business needs regarding its day to day operations. The ancillary consulting services being provided could create a conflict of interest for the Firm. However, Sowell Management is implementing policies and procedures within the Firm in order to mitigate any risk of conflict of interest regarding the rendering of these ancillary consulting services. Additional disclosure and detail regarding the consulting services received by a particular IAR can be seen on Schedule D herein. Given Sowell Management’s independent business model, Sowell Management IAR’s are not obligated to use all ancillary services offered through Sowell Management. For example, IAR’s may conduct their own portfolio management and trading or use separate technology systems.

Item 5. Fees and Compensation

Investment Management Fees

Sowell Management offers investment management services for an annual fee based on the amount of assets under the Firm’s management. This management fee generally varies up to 2.5% per annum, depending upon the size and composition of a client’s portfolio, the type of services rendered and the investment adviser

representative providing the advice and managing the client relationship. The fact that the investment adviser representative working with the client can determine the advisory fee may result in clients with similar circumstances paying different fees to the Firm.

Although the annual fee is typically charged in advance, based upon market value of the assets being management by Sowell Management Services on the last day of the previous billing period; the annual fee may also be billed in arrears. In so doing, the Assets Under Management shall be multiplied by the Annual Fee Rate adjusted for either a monthly (1/12) or quarterly (1/4) billing. As an example of typical advanced billing, for the quarter beginning April 1st, the fees would be calculated based on the assets under management at the close of market on March 31st. Initially, the annual fee will be prorated based on the initial market value of the assets upon inception for the remainder of the billing period. Other fee arrangements may be agreed to with prior approval.

If assets in excess of \$0 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted in the next billing cycle to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis.

The Investment Advisory Agreement may be terminated by the client within five (5) business days of signing the Agreement without penalty or incurring any advisory fees. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Sowell Management may negotiate a fee rate that differs from the range set forth above.

Clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other firms or sources.

Third Party Investment Advisory Fees

The compensation the Firm receives from third-party managers is disclosed in separate disclosure documents.

Compensation is typically equal to a percentage of the investment management fee charged by the third-party asset manager or a fixed fee. A disclosure document provided by the Firm will clearly state the fees payable to the Firm and whether the payment of the Firm's fee will increase the total fees the client must pay to the third-party manager. Since the compensation the Firm receives may differ depending on the agreement with each third-party manager, the Firm may have an incentive to recommend one third-party manager over another.

Fees paid by clients to independent third-party managers are established and payable in accordance with the ADV Part 2A brochure or other equivalent disclosure document of each independent third-party manager to whom the Firm refers its clients and may or may not be negotiable. The facts and circumstances of negotiability are contained in the disclosure documents of each third-party manager.

Clients will be responsible for the payment of all third-party fees (including, without limitation, any custodian fees, brokerage fees, mutual fund fees, distribution fees, shareholder servicing fees, transaction fees, Platform fees, taxes, fees of other service providers or consultants engaged by the primary investment adviser, etc.). Those fees are separate and distinct from the fees and expenses charged by Sowell Management.

Clients who are referred to third-party investment managers will receive a Part 2A brochure providing details of services rendered and fees to be charged. Clients will receive copies of the Firm's and third-party investment managers' Parts 2A at the time of the referral.

Sub-Advisory Fees

Fees charged by Sub-advisors will be set forth in either the investment advisory agreement with the client or in the Sub-Advisory agreement between the Firm and the Sub-Advisor. Platform fees will be negotiated by the Firm and the Subadvisor. The firm may receive a discount for assets placed on the Sub-Advisor's platform. The Firm does not charge additional fees in order to cover the cost of services provided by the Sub-advisors. The Firm receives compensation pursuant to its agreements with Sub-advisors. The compensation is generally a percentage of the assets under management but may vary depending upon the range of services. Fees are payable in accordance with the provisions of the Sub-advisor's ADV Part 2A brochure.

The account custodian collects investment management fees and allocates them among all interested parties. The ADV Part 2A brochure or equivalent disclosure document of the Sub-advisor contains complete information regarding interested parties. Clients will receive an ADV Part 2A brochure of their Sub-adviser in addition to the Part 2A brochure of the Firm.

Sub-Advisory or Tri-Party Fees

As discussed above, there will be occasions where Sowell Management acts as a sub-adviser to other registered investment advisers. In those circumstances, the other investment adviser maintains the primary client relationship, and the Firm merely manages the assets based upon the parameters provided by that investment adviser.

Fee Discretion

Sowell Management may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

Financial Planning and Consulting Fees

Sowell Management generally charges a fixed and/or hourly fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable but will be up to \$10,000 on a fixed fee basis or from \$150 to \$500 on an hourly basis, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, Sowell Management may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Sowell Management generally requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. Typically, a plan is completed within two weeks and

will be presented to the client within 90 days of the contract date, provided that the Firm is provided with all necessary information. If the work is not completed in such a time, the Firm may refund fees on a prorated basis. If the client cancels the financial planning engagement within the first week of signing the agreement, the Firm will refund 50% of the fee. The Firm does not take receipt of \$1,200 or more in prepaid fees more than six months in advance of services rendered.

Subscription Self-Directed Financial Planning Tools and Assistance

Sowell generally charges between 50 to 200 dollars per month for providing Subscription Self-Directed Financial Planning Tools and Assistance. These fees are negotiable. If the client engages the Firm for additional investment advisory services, Sowell Management may offset all or a portion of its fees for those services.

Retirement Advisory Fees

Sowell Management' bills quarterly for retirement plan advisory services. The fee is negotiated on a case-by-case basis and is disclosed in the agreement with the plan.

The fee for portfolio management services is billed quarterly in advance based on the market value of the assets on the last day of the preceding month as reported by the custodian. Fees are assessed pro rata in the event the Agreement is executed at any time other than the first day of a calendar month. The pro-rata fee will be deducted in arrears at the end of the first partial month. The fee is based on a percentage of assets under management. Fees are assessed on all assets under management, including securities, cash and money market balances. Margin debit balances do not reduce the value of assets under management.

This agreement may be terminated by you, effective on the last day of the then current fiscal quarter month, provided that you provide at least 30 days' prior written notice of termination; or by Sowell Management effective three (3) business days after the sending of a written notice of termination to you. You may cancel this agreement within five (5) days after written notice.

Administrative Services Provided by Third parties.

We have contracted with vendors to utilize technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, third party vendors will have access to client accounts, but will not serve as an investment advisor to our clients. Sowell Management and any of the vendors are non-affiliated companies. The vendors charge our Firm an annual fee for these services. Please note that the fee charged to the client will not increase due to the fees paid to vendors, the annual fee is paid from the portion of the management fee retained by Sowell Management.

Additional Fees and Expenses

In addition to the advisory fees paid to Sowell Management, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund

management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12.

Direct Fee Debit

Clients generally provide Sowell Management and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Sowell Management. Alternatively, clients may elect to have Sowell Management send a separate invoice for direct payment.

Use of Margin

Sowell Management may be authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed net of margin such that the market value of the client's account and corresponding fee payable by the client to Sowell Management will not be increased.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Sowell Management's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to Sowell Management, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Sowell Management may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

Item 6 Performance-Based Fees and Side-by-Side Management

Sowell Management does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Item 7. Types of Clients

Sowell Management offers services to individuals, banks or thrift institutions, pension and profit-sharing plans, trusts, estates, foundations, charitable organizations, corporations, business entities and other registered investment advisers.

Minimum Account Value

Sowell Management generally imposes a minimum portfolio value of \$50,000. Sowell Management may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts,

account composition, pre-existing client, account retention, and pro bono activities. Sowell Management only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Sowell Management may aggregate the portfolios of family members to meet the minimum portfolio size.

Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, Sowell Management may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

In addition, the Firm generally imposes a minimum quarterly fee of \$25 per household. This minimum fee may cause clients with smaller accounts to incur an effective fee rate that is higher than the Firm's stated fee schedule.

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

Methods of Analysis & Investment Strategies

Sowell Management employs multiple styles, managers, strategies and investing methodologies. The firm utilizes a broad range of investment solutions in order to address a particular's client's needs and investment objectives. The firm utilizes both internal and external research to formulate a broad range of investment solutions.

Sowell employs multiple investing styles which consist of but are not limited to the following: i) Strategic Allocation; ii) Tactical Allocation; iii) Individual Equity Selection; and iv.) Customized Portfolio Design. Within each style "sleeve" the firm offers multiple portfolio management strategies also referred to as "programs." Below is a summary of the management styles offered.

Each IAR may utilize Sowell Management's portfolio management and trading services but is not obligated to do so and may use his or her own investment strategies in order to assist a client in achieving his or her investment objectives and conduct their own trading. The investment strategies used by the respective IAR will be disclosed in the IAR's individual ADV Part 2 B disclosure document which will be presented to the particular client for his or her review so that he or she can make an informed decision regarding the use of the proposed investment strategy. In order to obtain more information regarding any proposed investment strategy, the client is encouraged to contact the IAR directly for more information regarding a particular investment strategy.

Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, the firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Investors should be aware that accounts are subject to the following risks:

- **Stock Market Risk** – The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.
- **Managed Portfolio Risk** – The manager’s investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.
- **Industry Risk** – The portfolio’s investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- **Non-U.S. Securities Risk** – Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political and economic instability.
- **Emerging Markets Risk** – To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- **Currency Risk** – The value of your portfolio’s investments may fall as a result of changes in exchange rates.
- **Interest Rate Risk** - The value of fixed income securities rises or falls based on the underlying interest rate environment. If rates rise, the value of most fixed income securities could go down.
- **Credit Risk** - Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.
- **Inflation Risk** - Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- **ETF and Mutual Fund Risk** – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETF’s or mutual fund’s operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- **Management Risk** – Your investment with us varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio.

- Options Risk - Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- Timing Risk –The risk that a client takes when trying to buy or sell a stock based on future price predictions. Timing risk is the potential for missing out on beneficial movements in price due to an error in timing. This could cause harm to the value of your portfolio because of purchasing too high or selling too low.
- Leverage Risk – Leverage is used to increase potential return on an investment. If leverage is used to make an investment and the investment moves against the investor, the loss is much greater than it would have been if the investment had not been leveraged. Leverage typically magnifies both gains and losses.
- Liquidity Risk – The risk that a client takes when implementing investment objectives that could occur as the result of an economic downturn in the U.S. or global economy resulting in the need to sell investments on short notice resulting in a loss of principal in order to maintain the desired liquidity.
- Third Party Money Management – Clients should read the Form ADV Part 2A of the respective third-party money manager to understand the investment strategies and methods of analysis employed by the third-party money manager, and the risks associated with those. Prospective investors should carefully consider all risks, as there can be no assurance that the asset management programs by the third-party managers will achieve their respective investment objectives or avoid substantial losses. An investor should not make an investment with the expectation of sheltering income or receiving cash distributions.

Item 9. Disciplinary Information

In 2009, the State of Arkansas found that William Sowell mistakenly allowed his Investment Advisor Representative registration to lapse while continuing to engage in investment advisor activities. The State required Mr. Sowell to pay a fine and waived the exam requirement. Mr. Sowell is now properly registered in the State of Arkansas.

Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations. The Firm does not have any other financial industry activities or affiliations that need to be disclosed.

Registered Representatives of a Broker/Dealer

Certain of the Firm's Supervised Persons are registered representatives of Commission Broker-Dealers and may provide clients with securities brokerage services under a separate commission-based arrangement.

Commissions and Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with Sowell Management (but not the Firm directly) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Sowell Management. It is important to understand that the suitability and compliance related to brokerage service offered by an unaffiliated commission

broker-dealer are the responsibility of the commission broker-dealer and likewise the suitability and compliance of investment advisory services offered by Sowell Management are our responsibility. If you are not sure which type of account you own, you can review your account statement which will clearly name the affiliated firm.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of certain Broker-Dealers ("Commission Broker-Dealer"), may provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. If you have accounts managed by your financial professional at Sowell Management and a nonaffiliated Commission Broker-Dealer, be aware that responsibility for compliance and supervision lies with the firm that manages the account.

In addition, Supervised Persons may be entitled to a portion of the brokerage commissions paid to Commission Broker-Dealer, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Sowell Management may also recommend no-load or load-waived funds, where no sales charges are assessed.

A conflict of interest exists to the extent that Sowell Management recommends the purchase or sale of securities where its Supervised Persons receive commissions or other additional compensation as a result of the Firm's recommendation. For certain accounts covered by the Employee Retirement Income Security Act of 1974 ("ERISA") and such others that Sowell Management, in its sole discretion, deems appropriate, Sowell Management may provide its investment advisory services on a fee offset basis. In this scenario, Sowell Management may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the Firm's Supervised Persons in their individual capacities as registered representatives of Commission Broker-Dealer.

Licensed Insurance Agents

A number of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that Sowell Management recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm does not share in any compensation earned by the Supervised Persons in this capacity and when not recommended as part of a financial plan or investment consulting service, the Firm may not supervise such recommendations

Turnkey Asset Management Program Services

As discussed above, the Firm may provide advisory services to clients that are primarily serviced by another registered investment adviser or through solicitor relationships. In addition to the advisory services provided to clients of those advisers, the Firm may also provide other back office and administrative services to those registered investment advisers (together with the advisory services "TAMP Services"). Advisers pay Sowell Management a fee for these TAMP Services. The fee charged to the advisers may be passed on to clients directly or through the advisory fees paid by the client to their primary adviser.

Third-Party Investment Management Platforms

Flex Accounts

Client accounts may be managed via the Envestnet, Adhesion Wealth Advisor Solutions (Adhesion), or SMArtX third-party investment management platforms. Sowell Management receives a portion of the fee paid for by clients on the Envestnet, SMArtX, and Adhesion platforms. Additionally, a platform fee and a manager fee is

charged to the clients by SMArtX and Adesion. Sowell Management may receive a manager's fee from SMArtX if a Sowell Management model is selected. This creates a conflict of interest as Sowell Management has an incentive to recommend Envestnet, Adhesion, and SMArtX based on the fee received rather than the best interests of the client.

Item 11. Code of Ethics

Sowell Management and persons associated with the firm are allowed to invest for their own accounts or to have a financial investment in the same securities or other investments that Sowell Management recommends or acquires for a Client's account and may engage in transactions that are the same as or different than transactions recommended to or made for a Client's account. This creates a conflict of interest. Sowell Management recognizes the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

Sowell Management has developed and implemented a Code of Ethics that sets forth standards of conduct expected of the advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information.

The Code of Ethics is designed to protect clients to detect and deter misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Sowell Management, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

Sowell Management has established the following restrictions in order to ensure the firm's fiduciary responsibilities:

- A director, officer or employee of Sowell Management shall not buy or sell any 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 supervised employee of Sowell Management shall prefer his or her own interest to that of the advisory client.
- Sowell Management maintains a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Sowell Management.
- Sowell Management emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
- Sowell Management requires that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

Any supervised employee not in observance of the above may be subject to termination.

Investment Policy

None of our associated persons may effect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures.

You may request a complete copy of our Code by contacting the Chief Compliance Officer at the address, telephone, or email on the cover page of this Brochure.

Item 12. Brokerage Practices

Recommendation of Broker/Dealers for Client Transactions Sowell Management generally recommends that clients utilize the custody, brokerage and clearing services of Fidelity Institutional Wealth Services ("Fidelity"), Pershing Advisor Solutions ("Pershing"), TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), Trust Company of America or Schwab Advisor Services™ division of Charles Schwab & Co., Inc. ("Schwab") and together with Fidelity, TD Ameritrade, Trust Company of America and Pershing, the "Custodians") for investment management accounts.

Factors which Sowell Management considers in recommending the Custodians to clients include their respective financial strength, reputation, execution, pricing, research, and service. The Custodians may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the Custodians may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Sowell Management' clients to the Custodians comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Sowell Management seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. Trades may be executed through a "step-out transaction," meaning that they are traded away from the Client's Custodian. Certain transactions, including block trades in which Sowell Management aggregates securities purchases or sales for a client account with those of one or more of its other clients, Sowell Management will, pursuant to its duty to seek best execution, determine to execute using step-out transactions (also referred to as "trade-aways"). As such, the Client may be required to pay a commission. Whenever Sowell Management makes such a determination with respect to this type of transaction, Sowell Management will cause the Client account and in the case of a block trade, any other included client accounts, to pay the executing broker-dealer or the execution service provider, a commission or commission equivalent. These commission or commission equivalents are charged to the client's account and are netted into the price received for a security and will not be reflected as individual items on the client trade confirmation.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Software and Support Provided by Financial Institutions

Sowell Management may receive without cost from the Custodians computer software and related systems support, which allow Sowell Management to better monitor client accounts maintained at the Custodians. Sowell Management may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at the Custodians. The software and support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support may benefit Sowell Management, but not its clients directly. In fulfilling its duties to its clients, Sowell Management endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Sowell Management’ receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm’s choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Sowell Management may receive the following benefits from the Custodians: Receipt of duplicate client confirmations and bundled duplicate statements; Access to a trading desk that exclusively services its institutional traders; Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and Access to an electronic communication network for client order entry and account information.

The Firm participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. Sowell Management receives some benefits from TD Ameritrade through its participation in the program. There is no direct link between Sowell Management’ participation in TD Ameritrade’s institutional customer program and the investment advice it gives to its clients, although Sowell Management receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, Sowell Management may receive the following benefits from TD Ameritrade through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. The Firm also has the ability deduct advisory fees directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Firm by third party vendors. TD Ameritrade may fund business consulting and professional services received by Sowell Management’ related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit Sowell Management but not its client. These products or services may assist Sowell Management in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Sowell Management manage and further develop its business enterprise. The benefits received by Sowell Management’ participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

Brokerage for Client Referrals

Sowell Management does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

Order Aggregation and Block Trades

When the purchase or sale of a particular security is appropriate for more than one client account, trades for advisory clients may be aggregated. We may simultaneously enter orders to purchase or sell the same securities for the account of two or more clients. It is our practice that these orders be “batched” for ease of execution. This is done principally to ensure that clients are treated fairly, and that one client is not advantaged at the expense of another client. Trades with advisory clients may be aggregated with those of other clients of your representative or the personal trades of your representative’s accounts as well. Aggregate orders will not reduce your transactions costs. There may be several prices at which the securities transactions are executed, even though the orders were entered as one order for all accounts. Your investment adviser representative may aggregate all, none or some of client trades based on, among other things, a client’s investment guidelines and restrictions (including those on the use of discretion by the representative) the type of securities and the size of the order.

Sowell’s policies do not require your investment adviser representative to aggregate or block trade client orders. When a representative chooses not to aggregate client orders for the same security a conflict of interest exists. In such instances, the adviser must decide which client order to place first which may result on one client receiving a better execution price over another client and could lead to certain client accounts receiving more favorable order executions over time. Sowell does not monitor representatives choosing not to aggregate orders to determine whether any one client or group of clients is systematically disadvantaged over time. It is our practice to treat all subject accounts equally when a block trade occurs, averaging the execution prices of the related trades and applying the average price to each transaction and account. Allocations of “batched” trades also may be rounded up or rounded down to avoid odd lot or small holdings in any client account. Sowell may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades and the liquidity of the securities. If the firm does not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money. Clients that are not included in block trading of other client accounts may receive a higher or lower price than clients that have been included in a block trading order.

Trade Errors

Trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of our clients. In cases where a client causes the trading error, the client will be responsible for any loss resulting from the correction. In all situations where the client does not cause the trading error, the client will be made whole, and Sowell will absorb any loss resulting from the trading error if the error was caused by our firm. If the error is caused by the broker/dealer, the broker/dealer will be responsible for covering all trade error costs.

Item 13. Review of Accounts*Account Reviews*

Sowell Management monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm’s Investment Committee and/or investment adviser representatives. The frequency of reviews will depend upon the complexity of the accounts, the nature of the advisory recommendations, changes in tax or market

conditions, as well as other conditions and material changes to the client's situation. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Sowell Management and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. Clients may also receive written or electronic reports from an outside service provider on a quarterly basis, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from an outside service provider.

Item 14. Client Referrals and Other Compensation

Client Referrals

In the event a client is introduced to Sowell Management by either a solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Sowell Management's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Sowell Management is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

Item 15. Custody

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Sowell Management and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Sowell Management.

In addition, as discussed in Item 13, Sowell Management may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Sowell Management.

Item 16. Investment Discretion

Sowell Management may be given the authority to exercise discretion on behalf of clients. Sowell Management is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Sowell Management is given this authority through a power-of attorney included in the agreement between Sowell Management and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Sowell Management takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The broker-dealer that executes trades (in the case of a prime brokerage relationship); and
- The Independent Managers to be hired or fired.

Item 17. Voting Client Securities

Sowell Management will not vote proxies on your behalf. Clients are welcome to vote proxies or designate an independent third-party at your own discretion. Clients designate proxy voting authority in the custodial account documents. Clients must ensure that proxy materials are sent directly to their current address or to the Client's assigned third party. Sowell Management do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at (501) 219-2434.

Item 18. Financial Information

Sowell Management is not required to provide audited financial statements prepared by independent public accountant because Sowell Management does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered; the firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients; and the firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Business Continuity Plan

Sowell Management has a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or the operations of a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes the following: the ability for staff to work remotely in order to conduct business operations in a seamless fashion; electronic back-ups of records; Alternative means of communications with employees, clients, critical business constituents and regulators.

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.