

**ITEM 1: COVER PAGE**

PART 2A OF FORM ADV FIRM BROCHURE



## **SUNSTATE WEALTH MANAGEMENT, LLC**

**October 16, 2025**

CRD# 317453

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This brochure provides information about the qualifications and business practices of Sunstate Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (305) 567-5524 or via email to Fabricio Macastropa at [FMacastropa@sunstateflwealth.com](mailto:FMacastropa@sunstateflwealth.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. Registration with the SEC does not imply a certain level of skill or expertise. Securities and Exchange Commission does not imply a certain level of skill or expertise.

Additional information about Sunstate Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## ITEM 2: MATERIAL CHANGES

This Brochure is written in plain English.

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. Since our last annual update filed in March 2025, the following material changes have occurred:

- **Introduction of a Wrap Fee Program (October 2025).** Sunstate Wealth launched a Wrap Fee Program that provides clients with investment advisory, trade execution, and custodial services for a single, asset-based fee. This affects the Firm's services, fee structure, and disclosures related to brokerage and custody. Clients enrolled in the Program receive a separate Wrap Fee Brochure (Form ADV Part 2A, Appendix 1) with details on fees, conflicts, and best-execution considerations.
- **Expanded Conflicts of Interest Disclosures.** Item 3 of the Firm's Form CRS and corresponding Brochure sections now include additional disclosures regarding (i) revenue-sharing and trailer-fee arrangements on certain funds traded and cleared through All Funds; (ii) affiliated-bank products such as reverse-repurchase transactions; (iii) the use of compensated promoters/solicitors; and (iv) the outsourced Chief Compliance Officer relationship.

Clients are encouraged to review this Brochure and the Form CRS for a summary of these changes and to contact the Firm with any questions.

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## **ITEM 4: ADVISORY BUSINESS**

### **A. SUNSTATE WEALTH MANAGEMENT, LLC**

Sunstate Wealth Management, LLC (“Sunstate” or “the Firm”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Fabricio Macastropa is a managing member of the Firm.

See Item 10 for additional information regarding the Firm’s affiliates and related conflicts.

Our home office is located at 2901 S Le Jeune Road, Coral Gables, FL 33134. Certain investment adviser representatives may conduct business under a “doing business as” (DBA) name, as approved by Sunstate.

### **B. TYPES OF ADVISORY SERVICES OFFERED**

Sunstate provides investment advisory services to individuals, high-net-worth clients, corporations, and other entities. Services include **Asset Management, Comprehensive Portfolio Management, Financial Planning & Consulting, Wrap Fee Program Services, and Referrals to Third-Party Managers**.

Our goal is to develop long-term relationships by helping clients meet financial objectives while considering risk tolerance and investment horizon.

#### **B.1. ASSET MANAGEMENT**

We design and manage portfolios consisting of stocks, bonds, mutual funds, exchange-traded funds (“ETFs”), options, and other securities. Each portfolio is tailored to a client’s investment objectives, risk tolerance, and time horizon. Accounts are monitored and rebalanced as needed

#### **B.2. COMPREHENSIVE PORTFOLIO MANAGEMENT**

This service combines asset management with financial planning or consulting. We analyze each client’s financial situation, goals, and risk tolerance and provide a coordinated investment strategy. Portfolios are reviewed regularly and rebalanced as appropriate. Clients may request written summaries or recommendations.

#### **B.3. FINANCIAL PLANNING & CONSULTING**

We provide standalone financial planning and consulting services addressing such areas as investment, retirement, estate, tax, education, and insurance planning, as well as cash-flow and business-structure analysis. Plans typically include general recommendations; implementation decisions remain with the client. Projects are generally completed within six months of engagement.

#### **B.4. WRAP FEE PROGRAM SERVICES**

Sunstate sponsors and manages a Wrap Fee Program that offers clients investment advisory, brokerage, and custodial services for a single, bundled fee. The affiliated bank serves as custodian, and brokerage services are generally provided through affiliated or independent broker-dealers. The Program includes portfolio construction, asset allocation, and ongoing monitoring consistent with each client's objectives and risk profile. Clients may impose reasonable investment restrictions.

A separate Wrap Fee Brochure (Form ADV Part 2A, Appendix 1) provides detailed information regarding the Program's fees, services, conflicts of interest, and best-execution considerations.

#### **B.5. REFERRALS TO THIRD-PARTY MONEY MANAGERS**

For certain accounts, Sunstate refers clients to independent third-party money managers. We conduct initial and periodic due diligence on these managers and monitor their services through reports and periodic client reviews. Clients remain responsible for notifying us of changes in their financial circumstances.

#### **B.6. TAILORING OF ADVISORY SERVICES**

We provide individualized investment advice to Asset Management, Comprehensive Portfolio Management, and Wrap Fee Program clients. Financial Planning & Consulting and Third-Party Manager referrals receive general advice. Clients may impose reasonable investment restrictions, though certain limits may not be feasible due to trading or portfolio constraints.

#### **B.7. AFFILIATED BANK RELATIONSHIP**

Sunstate Wealth Management is under common control with Sunstate Bank, which serves as custodian for many client accounts. This affiliation presents potential conflicts of interest because the Firm may benefit from custodial or related services offered by the Bank. Clients are free to select another qualified custodian.

#### **B.8. REGULATORY ASSETS UNDER MANAGEMENT**

As of October 1, 2025, Sunstate's total regulatory assets under management are \$ 202,873,450.22, all managed on a non-discretionary basis. Of this total, \$ 202,873,450.22 are managed within the Wrap Fee Program.

### **ITEM 5: FEES AND COMPENSATION**

#### **A. COMPENSATION FOR OUR ADVISORY SERVICES**

##### **A.1. ASSET MANAGEMENT**

The maximum annual fee charged for this service will not exceed **2.00%**. Fees are outlined in each client's advisory agreement and billed on a pro-rata basis quarterly in advance, based on account value on the last day of the prior quarter. Fees are negotiable and deducted from client accounts. In rare cases, the Firm will invoice clients directly.

- a) Custodians send quarterly statements reflecting all holdings, transactions, and disbursements, including advisory fees.
- b) Clients authorize Sunstate to be paid directly by their custodian.

- c) If Sunstate provides an invoice, it includes a notice encouraging clients to compare it with custodian statements.

## **A.2. COMPREHENSIVE PORTFOLIO MANAGEMENT**

The maximum annual fee is **2.00%**, billed quarterly in advance on the account value at the end of the prior quarter. Fees are negotiable and deducted directly from client accounts. The same billing, authorization, and disclosure procedures as described above apply.

## **A.3. FINANCIAL PLANNING & CONSULTING**

Financial planning and consulting services are billed on an hourly or flat-fee basis depending on the engagement's scope and complexity. Hourly fees will not exceed **\$350**, and flat fees range from **\$1,500 to \$10,000**. A 50% retainer is due upon signing, with the balance due within 30 days of delivery. Retainers will not exceed \$500 if services cannot be completed within six months.

## **A.4. WRAP FEE PROGRAM**

Clients in the Wrap Fee Program pay a single, asset-based fee that covers advisory, custody, and most transaction costs. The maximum annual wrap fee will not exceed **2.00%** of account value, billed quarterly in advance based on the prior quarter's ending balance.

The wrap fee eliminates separate trading commissions but may not include charges for wire transfers, specialized services, or products held outside the program. Fees are negotiable and disclosed in each client's Wrap Fee Advisory Agreement.

Because the affiliated bank serves as custodian, it receives compensation for custodial services and may share trailer fees received from certain funds traded and cleared through All Funds with Sunstate Wealth Management. This creates a potential conflict of interest. Sunstate excludes such funds from the assets used to calculate its advisory fee.

More details on fees, conflicts, and services is provided in our **Wrap Fee Brochure (Form ADV Part 2A, Appendix 1)**.

## **A.5. REFERRALS TO THIRD-PARTY MONEY MANAGERS**

The total advisory fee for this service will not exceed **2.00%** annually. Sunstate may receive a portion of the fee as disclosed in the client's agreement. Clients receive all required disclosure documents, including each manager's Form ADV Part 2A and solicitation statement. The manager's billing procedures vary; details are provided in the client's advisory agreement.

## **B. TERMINATION OF AGREEMENT – REFUNDS**

Either party may terminate an advisory agreement at any time by written notice. Sunstate will refund unearned, prepaid fees on a pro-rata basis. For Financial Planning & Consulting engagements, refunds are based on time and effort expended through termination.

## **C. PORTFOLIO VALUES FOR FEE CALCULATIONS**

Fees are based on independent pricing and/or custodian valuations. Sunstate uses the most recent quarter-end value of all assets under management for fee calculation purposes.

## **D. MUTUAL FUND FEES AND EXPENSES**

Advisory fees are separate from mutual fund or exchange-traded fund (“ETF”) expenses. Each fund’s prospectus discloses internal management and distribution (12b-1) fees. Some share classes, such as Class A shares, include higher internal costs than institutional share classes.

While Sunstate and its representatives do not typically receive 12b-1 fees directly, the affiliated custodian, Sunstate Bank, may receive such trailer fees and share them with Sunstate Wealth Management. This creates a potential conflict of interest, which is disclosed and managed through policies encouraging selection of the lowest-cost share class available.

## **E. ADDITIONAL FEES & EXPENSES**

Clients are responsible for custodian or broker-dealer fees not covered under the advisory agreement, including transaction, wire, or account service charges. See Item 12 (Brokerage Practices) for additional information.

## **F. ADVISORY FEES IN GENERAL**

Comparable advisory services may be available from other investment advisers for similar or lower fees.

## **G. COMMISSIONABLE SECURITIES SALES**

Sunstate’s advisory representatives are not registered representatives of a broker-dealer and do not receive commissions or trail fees from securities transactions. Although the Chief Compliance Officer is associated with a broker-dealer, he does not receive compensation from securities or investment product sales.

## **H. CONFLICTS CREATED BY OUR FEE STRUCTURE**

Because Sunstate earns asset-based fees, the Firm has an incentive to encourage clients to invest more assets in advisory accounts. This conflict is disclosed and mitigated through supervisory oversight and disclosure in this Brochure. Clients should consider whether similar services may be available elsewhere at lower cost.

## **ITEM 6: PERFORMANCE - BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Sunstate Wealth Management does not charge performance-based fees (fees based on a share of capital gains or the appreciation of client assets). All advisory compensation is asset-based, flat, or hourly, as described in Item 5 of this Brochure.

Certain third-party managers or pooled investment vehicles available through the Wrap Fee Program may charge their own performance-based fees. Sunstate does not receive or share in any portion of such fees.

Sunstate does not engage in side-by-side management of accounts that pay performance-based fees and those that do not.

#### **ITEM 7: TYPES OF CLIENTS**

Our firm has the following types of clients:

- Individuals (other than high-net-worth individuals) (US persons and Foreign Nationals)
- High net worth individuals (US persons and Foreign Nationals)
- Corporations (US and Foreign)

Our minimum account size is \$100,000 to provide advice; however, we may grant exceptions.

#### **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

##### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

The financial advisor you work with has the independence to take the approach that he or she believes is most appropriate when analyzing investment products and strategies for clients. The financial advisor chooses his or her own research methods, investment style, and management philosophy. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

When developing recommendations for you, investment adviser representatives compare your financial goals with your investment risk tolerance and the risk and potential return of a specific investment. Investment adviser representatives have wide latitude in designing investment strategies.

Investing in securities involves risks that investors should be sure they understand and be prepared to bear. No investment strategy will guarantee a profit or prevent losses. There are some common approaches that may be used by Sunstate or your investment adviser representative in the course of providing advice to clients as described below:

- Asset Allocation: An investment strategy that aims to balance risk and reward by allocating assets among a variety of asset classes. At a high level, there are three main asset classes—equities (stocks), fixed income (bonds), and cash or cash equivalents—each of which have different risks and rewards. Asset classes are further divided into domestic and foreign investments, with equities divided into small, mid, and large capitalization. Bonds have varying durations and credit quality. By diversifying a portfolio among a wide range of asset classes, investors seek to reduce (but not eliminate) the overall risk of a portfolio through avoiding overexposure to any one asset class during various market cycles.

Strategic and tactical asset allocation (or a combination of both) may be utilized with domestic mutual funds, exchange traded funds (“ETFs”), or stocks and bonds as the core investments. Global mutual funds, sector funds, and specialty ETFs may be added as satellite positions. Portfolios will typically be further diversified among large, medium, and small sized investments in an effort to control the risk associated with traditional markets. Investment strategies designed for each client are based upon specific objectives stated by the client during consultations. Clients may change their objectives at any time. Each client executes an Investment Policy Statement documenting their specific objectives and desired investment strategy.

Fundamental Analysis: The analysis of a business's financial statements (usually to analyze the business's assets, liabilities, and earnings), health, and its competitors and markets. Fundamental

analysis is performed on historical and present data to make financial forecasts and evaluate intrinsic value. The risk of this analysis is that markets may not correctly price securities in the short term, and external factors can influence prices beyond the company's fundamentals.

- Technical Analysis: A methodology for forecasting price direction through the study of past market data, primarily price and volume. Technical analysis focuses on identifying trends and patterns in market behavior. The principal risk of this analysis is that chart or trend interpretations can be subjective and may not accurately predict future price movements.
- Cyclical Analysis: A type of technical analysis that evaluates recurring price patterns and trends with the goal of buying or selling securities based upon expected price movements or "market timing." The risk of market timing based on cyclical analysis is that such patterns may not repeat, and prices may move unpredictably.
- Third-Party Money Manager Analysis: The analysis of the experience, investment philosophies, and past performance of independent third-party investment managers to determine whether they have demonstrated an ability to invest successfully over time and under varying market conditions. Analysis includes monitoring of underlying holdings, strategies, concentrations, and leverage as part of Sunstate's ongoing risk assessment. Additionally, as part of due diligence, the manager's compliance and operational controls are reviewed. The risk of investing with a third-party manager is that past success may not continue, and Sunstate does not control the manager's trading or daily operations.

For clients participating in Sunstate's Wrap Fee Program, portfolio management and investment selection are performed on a continuous basis using these same analytical methods. Strategies may include model portfolios, mutual funds, ETFs, and other securities appropriate for the client's objectives and risk tolerance.

When Sunstate recommends or monitors affiliated or unaffiliated managers, it performs both initial and periodic due diligence. The firm cannot guarantee future performance or adherence to a stated strategy.

## **B. RISKS**

As mentioned above, regardless of the strategy or analysis used, all investments carry the risk of loss, including the loss of principal invested. Some risks may be avoided or mitigated, while others are unavoidable. Common risks include, but are not limited to:

- Interest Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to political, economic, or social conditions.
- Inflation Risk: Inflation erodes purchasing power and may reduce real returns.
- Portfolio Turnover Risk: Frequent trading increases costs and may result in higher short-term taxes.
- Currency Risk: Overseas investments are subject to fluctuations in exchange rates.
- Reinvestment Risk: Future proceeds may have to be reinvested at lower rates.
- Business Risk: Company-specific or industry-specific events may negatively affect performance.
- Financial Risk: Excessive borrowing or leverage increases volatility and potential losses.
- Liquidity Risk: Illiquid securities may be difficult to sell or may require selling at unfavorable prices.
- Fixed Income Risk: Bonds are subject to interest-rate, credit, and market risks.
- High Yield Fixed Income Securities Risk: Lower-rated bonds involve higher risk of default.

- Foreign and Emerging Markets Risk: Political instability and limited disclosure can create substantial volatility.
- Structured Products Risk: These investments are often complex and illiquid and may involve derivative exposure.
- Derivatives (Options) Risk: Options can be speculative and may involve loss of principal.
- Small and Mid-Cap Risk: Smaller companies may experience greater price volatility and limited liquidity.
- Non-Diversification Risk: Concentration in one or few sectors may increase volatility.
- American Depository Receipts (ADR) Risk: ADRs may carry foreign currency, accounting, and regulatory differences.

Investments held in accounts custodied with Sunstate's affiliated bank are subject to market risk. They are not bank deposits, are not insured by the FDIC, and may lose value.

The above list of risk factors does not purport to be complete or exhaustive. Clients are encouraged to consult their financial advisor, legal counsel, and tax professional on an initial and ongoing basis when selecting and engaging in the services provided by the firm. Due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Neither Sunstate, nor any of its owners or employees/contractors, has reportable disciplinary events.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

##### **A. BROKER-DEALER OR REPRESENTATIVE REGISTRATION**

Kevin A. Rowe, the Firm's Chief Compliance Officer, serves as an outsourced Compliance Officer. This relationship does not create a conflict with Sunstate because Mr. Rowe is neither a control person nor manages investments with any FINRA-registered broker-dealer or State or SEC-registered investment adviser. Mr. Rowe is President and Chief Executive Officer of LibScor Associates, Inc., which provides regulatory compliance, anti-money laundering, and financial operations consulting services.

No other representatives of the Firm are currently registered with a FINRA member broker-dealer. If any representative becomes a registered representative in the future, such representative could receive normal and customary commissions in connection with securities transactions. This may create a conflict of interest by incentivizing the recommendation of products based on compensation. Any such conflicts will be fully disclosed and managed under the Firm's compliance procedures.

##### **B. FUTURES OR COMMODITY REGISTRATION**

Neither Sunstate nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser, and no application to register is pending.

##### **C. MATERIAL RELATIONSHIPS MAINTAINED BY THIS ADVISORY BUSINESS AND CONFLICTS OF INTEREST**

Sunstate Wealth Management LLC is principally owned by Sunstate BancShares, Inc., the parent of Sunstate Bank. The affiliated bank provides custodial and related services to many of Sunstate's clients and may receive compensation for those services. Sunstate Bank may also receive and share trailer fees from certain funds traded and cleared through All Funds with Sunstate Wealth Management. These arrangements create a potential conflict of interest because the Firm and its affiliates have a financial incentive to recommend or maintain client assets in affiliated or fee-generating products.

The affiliated bank may offer products such as reverse repurchase agreement transactions, in which clients can borrow funds and pay interest to the bank. This also presents a potential conflict, as the Firm may recommend products offered by its affiliate.

Sunstate provides investment advisory services to certain affiliates and their clients. Certain control persons, investment professionals, or employees of the Firm may also provide services to affiliated entities. These relationships are monitored through Sunstate's compliance program to ensure that recommendations remain in the best interests of clients.

The Firm's Chief Compliance Officer is outsourced to an unaffiliated compliance consulting firm. While this relationship could be perceived as a potential conflict, the arrangement is disclosed and does not involve investment management decisions.

Clients are under no obligation to implement any recommendations made by Sunstate or to utilize the affiliated bank as custodian.

#### **D. REFERRAL AND SOLICITOR ARRANGEMENTS**

Sunstate compensates certain promoters and solicitors for referring clients to the Firm. This creates a conflict of interest, as there is an incentive to refer clients and increase assets under management. The Firm provides all required disclosures to referred clients in accordance with the SEC's Marketing Rule.

In addition, Sunstate maintains referral agreements with vendors and other professionals, such as accounting firms and banking institutions, to help service its clients. Any such arrangements are disclosed when applicable.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. CODE OF ETHICS**

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each client at all times. Our fiduciary duty is the underlying principle of our firm's Code of Ethics, which includes procedures for personal securities transactions and the prevention of insider trading.

Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment and at least annually thereafter, all representatives acknowledge receipt, understanding, and compliance with the Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid any circumstance that might compromise or appear to compromise our duty of complete loyalty to all clients. A copy of the full Code of Ethics is available to any client or prospective client upon request.

Our firm recognizes that the personal investment transactions of our representatives demand strict oversight and must be conducted in a way that does not endanger the interests of any client. At the same time, we believe that if investment goals are similar, it may be appropriate for employees and clients to hold some of the same securities.

To prevent conflicts of interest, our firm has established procedures governing personal transactions effected by representatives for their own accounts. Compliance with this policy is monitored through a quarterly personal securities transaction reporting system and supervisory review.

Neither our firm nor any related person recommends, buys, or sells securities for client accounts in which the firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. To minimize conflicts, related persons must place client interests ahead of their own and adhere to our Code of Ethics. If a related person trades the same security as a client, transactions are reviewed to ensure clients receive at least as favorable terms as employees. Personal transactions that present potential conflicts are pre-cleared when required.

Our related persons refrain from buying or selling the same securities prior to trades made for clients on the same day, unless the trades are part of an aggregated block transaction executed for all participants on an equitable basis.

In addition, certain employees may maintain accounts at the affiliated bank that serves as custodian for many client accounts. All such accounts are subject to the same Code of Ethics standards and oversight procedures as other personal accounts.

## **ITEM 12: BROKERAGE PRACTICES**

Our firm has constructive custody of client assets when maintained at Sunstate Bank, as described in Item 15. Client assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian that will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Recordkeeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, our firm generally recommends that clients utilize Sunstate Bank, although clients can utilize other custodians where appropriate. Sunstate Bank is an affiliated bank regulated by the FDIC. The custodian offers services to independent investment advisers, which may include custody of securities, trade execution, clearance, and settlement of transactions.

Sunstate Bank currently charges client accounts separately for custodial services. Client accounts will be charged transaction fees, commissions, or other fees on trades that are executed or settle into the client's custodial account, as well as custodial fees. Transaction fees are negotiated with the custodians and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would otherwise be available on a retail basis.

The firm utilizes Sunstate Bank for custody of customer assets and execution of customer transactions. Sunstate Bank acts as the clearing agent in the execution of securities transactions. Subject to our best execution obligations, the firm may trade outside of Sunstate Bank. In selecting custodians, the firm considers all relevant factors, including commission rates, value of research provided, execution capability, speed, efficiency, confidentiality, familiarity with potential purchasers and sellers, financial responsibility, responsiveness, and other relevant factors.

The firm compensates the custodian to provide various administrative services, including determining the fair market value of assets held in accounts at least quarterly and producing account statements detailing assets, transactions, receipts, disbursements, interest, dividends, and account gain or loss by security and in total.

The custodian makes certain research and brokerage services available at no additional cost to our firm. Research products and services provided by the custodian may include: research reports on particular companies or industries, economic data and analyses, financial publications, portfolio evaluation services, financial database software, computerized pricing and news services, quotation equipment, and other products or services that assist our firm in performing investment decision-making responsibilities. These research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

The custodian does not make client brokerage commissions generated by client transactions available for our firm's use. The research and brokerage services described above are used by our firm to manage accounts for which our firm has investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As part of our fiduciary duty to our clients, our firm will endeavor at all times to put client interests first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a conflict of interest and may influence our recommendation of custodians. Our firm examined this potential conflict of interest when recommending Sunstate Bank and has determined that the recommendation is in the best interest of our clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In certain cases, Sunstate Bank may receive trailer fees or other compensation from funds traded and cleared through All Funds and may share a portion of those fees with Sunstate Wealth Management. This creates a potential conflict of interest, which is disclosed and addressed through Sunstate's compliance and supervisory policies.

Our clients may pay a transaction fee or commission to the custodian that is higher than another qualified custodian might charge to effect the same transaction, where our firm determines in good faith that the commission is reasonable in relation to the value of brokerage and research services provided to the client as a whole.

In seeking best execution, the determinative factor is not necessarily the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a custodian's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm seeks competitive rates for the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions.

- Soft Dollars

Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm are generally used to service all clients but not necessarily all at any one particular time.

- Client Brokerage Commissions

The custodian does not make client brokerage commissions generated by client transactions available for our firm's use. Our firm does not direct client transactions to a particular custodian in return for soft dollar benefits and does not receive brokerage for client referrals.

- Directed Brokerage

In certain instances, clients may limit or restrict our discretionary authority regarding broker selection and commission rates. Any such direction must be in writing, often through our advisory agreement, and may include a representation that the arrangement is permissible under governing laws or documents. Clients who direct brokerage may receive less favorable execution or pricing.

- Client-Directed Brokerage

Our firm allows clients to direct brokerage outside our recommendation. This may increase client costs or result in less favorable pricing because our firm may be unable to aggregate orders to reduce transaction costs.

- Aggregation of Purchase or Sale

Our firm provides investment management services for various clients and may execute concurrent transactions in the same security for multiple accounts. Such transactions are made only when the firm believes it is in the best interest of all affected accounts. Orders are allocated in a fair and equitable manner, taking into consideration client objectives, asset allocation, and available funds, using price averaging, proration, and consistently non-arbitrary allocation methods.

#### **ITEM 13: REVIEW OF ACCOUNTS**

Our management personnel and financial advisors review accounts at least annually for our Asset Management, Comprehensive Portfolio Management, Wrap Fee Program, and Third-Party Money Management clients. The purpose of these reviews is to determine whether client accounts remain aligned with investment objectives, are appropriately positioned based on market conditions, and comply with any applicable investment policies or restrictions.

Sunstate's Wrap Fee Program accounts are reviewed regularly as part of ongoing portfolio monitoring. Reviews include evaluation of asset allocation, performance, and consistency with the client's stated goals and risk tolerance.

Our firm does not provide written performance or review reports unless specifically requested by the client. Verbal reviews or consultations occur at least annually and may occur more frequently depending on market events, changes in client circumstances, or client requests. Additional reviews may also be triggered by major market movements, economic developments, or material life changes affecting a client's financial profile.

Financial Planning clients do not receive periodic reviews of their written plans unless they take action to schedule a financial consultation with us. Our firm does not provide ongoing services to financial planning clients but will meet with such clients upon request to discuss updates, plan revisions, or other material changes. Written or verbal updates are provided only when the client separately engages our firm for follow-up services.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Sunstate Wealth Management LLC uses promoters to solicit and refer clients. Sunstate Wealth conducts background checks on all promoters, requires annual training, and provides each promoter with a disclosure document describing the referral arrangement and compensation, in accordance with the SEC Marketing Rule. If you were referred to Sunstate Wealth by a promoter and did not receive a disclosure describing the terms of your referral or copies of our Form ADV Part 2A Brochure and Customer Relationship Summary, please contact us at (305) 567-0600 or via email to Fabricio Macastropa at [FMacastropa@sunstateflwealth.com](mailto:FMacastropa@sunstateflwealth.com).

Sunstate maintains a custodial relationship with its affiliate, Sunstate Bank. The affiliated bank may receive trailer fees or other compensation from certain funds traded and cleared through All Funds and may share a portion of those fees with Sunstate Wealth Management. This creates a potential conflict of interest, which is disclosed and managed through the firm's compliance and supervisory procedures.

While our firm has a formal relationship with Sunstate Bank for custody, we receive no direct compensation from the bank for client accounts opened through Sunstate Wealth other than the services and arrangements described in this brochure. On an informal basis, the bank may make referrals to our firm as a courtesy or accommodation. Nothing of value, monetary or otherwise, is given, paid, or received in exchange for such referrals.

Services provided by Sunstate Bank to financial advisory firms include research (including mutual fund research, third-party research, and proprietary analyses), brokerage, custody, and access to mutual funds and other investments available only to institutional investors or requiring higher minimums. The custodian also provides technology and administrative services, including access to client account data, trade execution, pricing information, research tools, performance reporting, trade allocation, and back-office support.

The custodian may also provide practice management, consulting, or technology support to Sunstate Wealth, and may make available or pay for services provided by independent third parties, including regulatory compliance resources. These services are intended to help us manage and develop our business enterprise and are not contingent on specific levels of client assets or transactions.

#### **ITEM 15: CUSTODY**

Sunstate Wealth Management LLC is deemed to have constructive custody of client funds and securities when assets are custodied at its affiliate, Sunstate Bank, which is under common control with Sunstate Wealth. This custody is limited to the authority to deduct advisory fees from client accounts as authorized in each client's advisory agreement.

Sunstate Wealth does not otherwise hold or maintain physical possession of client funds or securities. All client assets are held by Sunstate Bank or another qualified custodian selected by the client. Clients receive statements directly from the custodian, at least quarterly, showing all holdings and transactions for the account. Clients are encouraged to review these statements carefully and compare them to any account information provided by Sunstate Wealth.

Because Sunstate Wealth and Sunstate Bank are under common control, the firm is subject to an annual surprise examination of client funds and securities by an independent public accounting firm. These

inspections are unannounced. Sunstate Wealth also obtains, no less than annually, from Sunstate Bank, a report of internal controls relating to the custody of client assets, as required under SEC Rule 206(4)-2.

#### **ITEM 16: INVESTMENT DISCRETION**

Clients have the option of providing Sunstate Wealth Management LLC with investment discretion on their behalf pursuant to an executed investment advisory client agreement. When discretionary authority is granted, Sunstate is authorized to determine the securities to be bought or sold, the amount of securities to be transacted, and the timing of such transactions, without obtaining the client's prior consent.

Most client accounts, including those in the Wrap Fee Program, are managed on a non-discretionary basis. In these cases, Sunstate will obtain the client's consent before executing any transaction.

Clients may impose reasonable limitations on discretionary authority by providing written instructions to the firm. Such limitations may include restrictions on the purchase of particular securities or types of securities. Any restrictions will be acknowledged in writing by Sunstate.

#### **ITEM 17: VOTING CLIENT SECURITIES**

Sunstate Wealth Management LLC does not vote proxies for any of its clients. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. If any proxy materials are inadvertently sent to our firm, Sunstate will forward them promptly to the appropriate client and request that the sender deliver such materials directly to the client in the future.

Clients who have questions about proxy votes or other solicitations may contact us by phone, in writing, or by email.

For accounts custodied with Sunstate Bank or any other qualified custodian, all proxy materials are sent directly to clients by the custodian or issuer. Sunstate does not participate in proxy solicitation or corporate action decisions and assumes no responsibility for voting or monitoring such communications.

#### **ITEM 18: FINANCIAL INFORMATION**

Sunstate Wealth Management LLC does not solicit or accept prepayment of more than \$500 in fees per client, six months or more in advance.

Sunstate has not been the subject of a bankruptcy proceeding and reasonably believes it is able to meet all of its contractual and financial commitments to clients.