



# Sanctuary Advisors, LLC

## Form ADV 2A: Firm Brochure

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4/2023

This brochure provides information about the qualifications and business practices of Sanctuary Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at [compliance@sanctuarywealth.com](mailto:compliance@sanctuarywealth.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 does not imply a certain level of skill or training. Additional information about Sanctuary Advisors, LLC is also available on the SEC's website at <https://adviserinfo.sec.gov/firm/summary/226606>.

## Item 2: Summary of Material Changes

This Firm Brochure is Sanctuary Advisors, LLC's ("Sanctuary Advisors") disclosure document prepared according to regulatory requirements and rules. Consistent with those rules, Sanctuary Advisors will provide a summary of any material changes to this and subsequent Brochures within one hundred twenty (120) days of the close of its fiscal year. Furthermore, Sanctuary Advisors will provide other interim disclosures regarding material changes, as necessary. Material changes that have been made to this Firm Brochure since its annual amendment dated July 2022 are described below:

1. Item 4.B: DESCRIPTION OF ADVISORY SERVICES OFFERED—This Item was amended to better describe the specific programs that Sanctuary Advisors makes available. A clarification on our fiduciary standard is also provided.
2. Item 4.E: MANAGED ACCOUNT PLATFORMS—This Item was revised to more clearly describe the options made available by Sanctuary Advisors.
3. Item 4.F: RETIREMENT PLAN SERVICES—This Item was updated to reflect the offering of ERISA Plan services.
4. Item 5: FEES AND COMPENSATION—This Item was amended by adding a chart at the end of Item 5 to more clearly delineate the programs available along with their respective features.
5. Item 10: OTHER FINANCIAL INDUSTRY ACTIVITY AND AFFILIATIONS AND OTHER CONFLICTS OF INTEREST—This Item was updated to include Two West Capital Advisors, LLC, as a new financial industry affiliation which does business as TWA and Goalpath.
6. Item 12.A: FACTORS USED TO SELECT BROKER-DEALERS FOR CLIENT TRANSACTIONS—This Item was revised to clarify Sanctuary Advisors' relationships with its custodians to include both custodial and clearing relationships.
7. Item 12.B: AGGREGATING SECURITIES TRANSACTIONS FOR CLIENT ACCOUNTS—This Item was revised to clearly state that order aggregation is done at the IAR level.
8. Item 14.D: TRANSITION ASSISTANCE BENEFITS—This Item was added to provide information as to other IAR compensation.
9. Item 17.B: CLASS ACTION LAWSUITS—This Item was added to inform that Sanctuary Advisors has engaged Broadridge Financial Solutions, Inc. ("Broadridge") to provide a review of possible settlement claims involving a class action lawsuit.

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## Item 4: Advisory Business

### 4.A. Description of Advisory Firm

Sanctuary Advisors, LLC, an Indiana limited liability company (“Sanctuary Advisors” or the “Firm”), was formed in 2015 and is a registered investment advisor firm with the United States Securities and Exchange Commission (the “SEC”). Sanctuary Advisors is a wholly owned subsidiary of Sanctuary Wealth Group, LLC (“Sanctuary Wealth”). Sanctuary Advisors’ principal business is offering investment advisory services to entities, institutions, and individuals. Sanctuary Advisors has an affiliated FINRA member broker-dealer, Sanctuary Securities, Inc (“Sanctuary Securities”)

Sanctuary Advisors offers its services through its network of investment advisor representatives (“IARs”). IARs are independent contractors and may organize their own business entity (“IAR Business Entities”) to provide certain support services to the IAR and their team as they perform investment advisory services for clients and such entity may provide services other than investment advisory services. However, all investment advisory services are provided through Sanctuary Advisors.

IARs may also conduct or market advisory services under a trade name (“DBA”) other than Sanctuary Advisors. The name and logo of the IAR Business Entities and/or DBAs may appear on marketing materials, as approved by Sanctuary Advisors, or client statements, as approved by the custodian. For a full list of DBAs under Sanctuary Advisors, please refer to Sanctuary Advisor’s ADV Part 1A.

Most of Sanctuary’s IARs are dually licensed (i.e., they are licensed as both broker-dealer representatives and IARs) which means that they can offer investment advisory services through Sanctuary Advisors and brokerage services through Sanctuary Securities. Your IAR will disclose to you whether he or she is dually licensed and if there are any limitations on services offered due to their registrations and qualifications.

The following information in this Brochure is meant to provide a detailed description of Sanctuary Advisors, its various services, associated fees and compensation, important customer disclosures, as well as conflicts of interest disclosures. Clients should carefully review information regarding conflicts of interest as these conflicts can have an effect on services, costs, and investment advice provided by Sanctuary Advisors and its IARs. Sanctuary Advisors has policies and procedures in place to ensure that recommendations are made in the best interest of the client and, when possible, to eliminate conflicts altogether.

#### 4.A.1. CLIENT ASSETS UNDER MANAGEMENT

As of December 30, 2022, total client assets under management are approximately \$16,220,200,000.00, of which approximately \$15,779,200,000.00 is managed on a discretionary basis and \$441,000,000.00 is managed on a non-discretionary basis.

### 4.B. DESCRIPTION OF ADVISORY SERVICES OFFERED

Sanctuary Advisors’ menu of advisory services is designed to address many different types of investors and their particular styles, needs, and preferences. Through Sanctuary Advisors, clients will have access to a variety of services, which include financial planning services, portfolio management for individuals and businesses, portfolio management for institutional clients other than investment companies, and selection of other advisors.

When clients engage with Sanctuary Advisors in an investment advisory account relationship, Sanctuary Advisors acts as a “fiduciary” with respect to the investment advisory services it provides. Sanctuary Advisors acts as your investment advisor only when Sanctuary Advisors has entered into a written advisory agreement with you that describes the advisory relationship and the Firm’s obligations to you.

Sanctuary Advisors renders discretionary and non-discretionary investment advisory services to clients that consists of programs sponsored by us, as well as advisory services offered through unaffiliated third-party investment managers. Client accounts are managed pursuant to the client's advisory agreement with Sanctuary Advisors.

Advisory services may include but are not limited to: (i) Advisor Directed, (ii) Separately Managed Accounts ("SMAs"), (iii) Unified Managed Accounts (UMAs). All programs can be implemented in either a wrap or non-wrap fee structure. Please refer to the chart located in Item 5 for further details. Sanctuary Advisors' investment recommendations are not limited to any specific product or service and will generally include advice regarding the securities and transactions further described in Item 8. Methods of Analysis. For additional information about our wrap fee programs, please see the Wrap Fee Brochure 2A Appendix 1.

### **Advisor Directed**

The Advisor Directed program offers advisors the ability to implement a fee-based asset management program using a large selection of investments. The investments are all within one consolidated account. The advisor creates his or her own investment strategies that are designed to help clients achieve their investment goals. There are two options within the Advisor Directed program. In one, the advisor is responsible for placing his or her own trades to implement the strategy. In the second, an overlay manager is responsible for placing the trades. All accounts in the Advisor Directed program are discretionary with the exception of where the advisor acts as the portfolio manager and enters his/her own trades.

### **Separately Managed Account**

Separately Managed Account ("SMAs") program offers the advisors the ability to offer a multitude of solutions to meet their clients fee-based asset management objectives. SMA solutions are discretionary asset management with the choice of external third-party managers or Sanctuary's affiliate Sanctuary Asset Management. SMA solutions include a wide range of security portfolios that they manage for our Advisors and clients. They include but are not limited to: ETFs, Mutual Funds, Equities, ADRs, Cash, and several Fixed Income securities. Sanctuary also provides offshore SMA solutions to our non-US resident clients. The SMA solutions have minimum investments which may vary depending upon the selected solution. Please see the Chart in Item 5 for additional detail.

### **Unified Managed Account**

The Unified Management Account ("UMAs") program provides the advisor fee-based asset management solutions that are managed on a discretionary basis. UMAs incorporate SMAs, Models, Mutual Funds, ETFs, and Equities in a single account to help our Advisors meet their clients' objectives. UMA solutions do have a minimum investment; please refer to the Chart in Item 5 for additional details.

The Advisor Directed Program can be provided on either a discretionary or non-discretionary basis. The Advisor Direct Model as well as SMA and UMA solutions are provided on a discretionary basis only.

When Sanctuary Advisors provides non-discretionary advice or recommendations, you decide whether to implement the recommendation and, if approved and requested by the client, Sanctuary Advisors implements the recommendation. This may result in a delay in executing recommended trades, which could adversely affect the performance of your account. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to client's account.

When a discretionary investment solution is selected, it allows Sanctuary Advisors to buy and sell investments in your advisory account without contacting you in advance (a "discretionary advisory account").

Sanctuary Advisors requires clients to participate in the formation of the investment plan, investment advice, and recommendations by discussing, among other things, the client's investment experience,

financial circumstances, investment objectives, tolerance for risk, and identifying goals. However, clients are obligated to immediately inform Sanctuary Advisors in writing of any changes in the foregoing.

Sanctuary Advisors is held to a fiduciary standard with respect to its investment advisory clients; however, clients should be aware that Sanctuary Advisors is not a fiduciary in certain situations, including (but not limited to):

Recommendations with respect to brokerage, or commission-based, accounts you maintain with Sanctuary Securities.

Communications that are educational or informational and not intended to be viewed or construed as an individualized/personalized suggestion for you to take a particular course of action with respect to your investment assets. Examples include:

Information Sanctuary Advisors provides about the performance of a security in your account.

Information and education about alternatives you have when deciding whether to roll out of an employer plan or transfer assets from one IRA to another (including between brokerage and advisory accounts or among different advisory accounts).

Information we provide regarding our products and services when you are considering whether to leave one financial institution, including (but not limited to) when you are considering leaving to follow your financial professional to Sanctuary Wealth.

Marketing materials, including information, education, or general descriptions of our services, the products that we make available to you, the fees we charge, and the reasons we think you should hire us to provide services to you for your retirement and other accounts.

Transactions (including rollovers) or trades you execute without a recommendation from us, such as an unsolicited trade.

Recommendations and interactions that are episodic or sporadic or are not provided as part of an ongoing or regular basis advice relationship, or recommendations made when there is no mutual understanding that our investment advice will serve as a primary basis for your investment decision.

#### **4.B.1. CLIENT-TAILORED SERVICES AND CLIENT-IMPOSED RESTRICTIONS**

As outlined above, Sanctuary Advisors will develop an investment portfolio plan with asset allocations to meet the client's specific investment needs and goals. Additionally, clients may, with written notice to Sanctuary Advisors, request reasonable restrictions on the management of their accounts, such as prohibiting investing in certain securities or types of securities.

Clients must promptly notify Sanctuary Advisors in writing of any changes in such restrictions. All restrictions must be communicated clearly and accurately. In addition to providing your written communication, a review of your restriction should be conducted with your Advisor. Each client should note, however, that restrictions, if accepted by Sanctuary Advisors, may adversely affect the composition and performance of the client's investment portfolio.

#### **4.C. FINANCIAL PLANNING SERVICES**

Sanctuary Advisors makes available financial planning services including but not limited to wealth accumulation, wealth distribution, cash flow analysis, higher education planning, retirement planning, estate planning, and legacy planning.

If a client chooses to implement the financial plan through an IAR, the IAR and Sanctuary Advisors will

receive additional compensation which creates a conflict of interest. A client has no obligation to implement any financial planning recommendation through Sanctuary Advisors or its affiliated entities.

Sanctuary Advisors is not an accounting firm, is not a law firm, and does not provide accounting, tax, or legal advice through its financial planning services. Accordingly, clients are advised to consult with their tax advisor or legal counsel for tax, estate planning, and other recommendations made by Sanctuary Advisors.

#### **4.D. SUB-ADVISERS**

Sanctuary Advisors may delegate some or all of its investment advisory functions over a particular client account or accounts to another investment advisor (“Sub-Advisor”). Prior to delegating advisory functions, Sanctuary Advisors will perform due diligence on the Sub-Advisor, enter into a sub-advisory contract with the Sub-Advisor. Although Sanctuary Advisors retains authority to engage or terminate Sub-Advisors under a discretionary advisory agreement, Sanctuary Advisors typically informs clients prior to engagement or termination of the Sub-Advisor to which it delegates investment advisory functions and what portion of the client’s account is being given over to the Sub-Advisor to manage when it is practicable to do so.

Having access to various Sub-Advisors offers a wide variety of manager styles and provides the opportunity to utilize more than one adviser for the account. Factors that Sanctuary Advisors considers in recommending/selecting Sub-Advisors generally include, without limitation, the client’s stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

With respect to assets managed by Sub-Advisors, Sanctuary Advisors’ role will be to monitor the overall financial situation of the client, monitor the investment approach and performance of the Sub-Advisor, and to assist the client in understanding the investments in the client’s account.

Clients will be provided each Sub-Advisors Form ADV Part 2A Brochure, which contains important information regarding the strategies, fees, and risks of the Sub-Advisor.

#### **4.E. MANAGED ACCOUNT PLATFORMS**

Sanctuary Advisors has contracted with Lockwood Advisors, Inc. (“Lockwood”), an affiliate of Pershing (“Pershing”) and Adhesion, an affiliate of AssetMark Financial Holdings, Inc. (“Adhesion”, together the “Platforms”), for access to a managed account. The Platforms provide access to a variety of model portfolios created and managed by various investment advisers, including Sanctuary Advisors. The model providers and portfolios available to clients are reviewed and selected by each Platform and ultimately reviewed and a subset is selected by the investment committee of Sanctuary Advisors to offer to Sanctuary Advisory clients. The strategies of the model portfolios are not tailored to the particular needs or circumstances of a client. Instead, the strategies are provided by advisers to the Platforms as impersonal, generalized, non-discretionary advice that the applicable adviser will implement as such adviser deems appropriate pursuant to the authority granted to them. When Sanctuary Advisors uses the Platforms for a client account, Sanctuary Advisors will allocate all or a portion of the client’s account to one or more strategies selected for the client. The applicable adviser of the strategy will then monitor the account and implement the strategy through the Platform.

Sanctuary Advisors’ role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the advisers, and to assist the client in understanding the investment of the model portfolio.

If a model portfolio is created by another adviser on either Platform, that adviser will act as Sub-Advisor to the account rather than Sanctuary Advisors. Clients will be provided the applicable Sub-Advisors Form



ADV Part 2A Brochure, which contains important information regarding the strategies, fees, and risks of the adviser.

## 4.F. RETIREMENT PLAN SERVICES

Sanctuary Advisors offers services to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit-sharing plans, cash balance plans, and deferred compensation plans. Sanctuary Advisors may act as a 3(21) advisor:

**Limited Scope ERISA 3(21) Fiduciary.** Sanctuary Advisors acts as a limited scope ERISA 3(21) fiduciary that can advise, help, and assist plan sponsors with their investment decisions. As an investment advisor, Sanctuary Advisors has a fiduciary duty to act in the best interest of the Client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using Sanctuary Advisors can help the plan sponsor delegate liability by following a diligent process.

1. Fiduciary Services include:

- Providing investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Clients will make the final decision regarding the initial selection, retention, removal, and addition of investment options. Sanctuary Advisors acknowledges that it is a fiduciary as defined in ERISA section 3 (21) (A) (ii).
- Assisting the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- Providing investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404© (5) and 404(a)-5.
- Assisting in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- Meeting with the Client on a periodic basis to discuss the reports and the investment recommendations.

2. Non-fiduciary Services include:

- Assisting in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands Sanctuary Advisors' assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, Sanctuary Advisors is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants. Sanctuary Advisors will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assisting in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

Sanctuary Advisors may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between Sanctuary Advisors and Client.



3. Sanctuary Advisors has no responsibility to provide services related to the following types of assets (“Excluded Assets”):
- Employer securities;
  - Real estate (except for real estate funds or publicly traded REITs);
  - Stock brokerage accounts or mutual fund windows;
  - Participant loans;
  - Non-publicly traded partnership interests;
  - Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
  - Other hard-to-value or illiquid securities or property.
  - Excluded Assets will not be included in the calculation of Fees paid to Sanctuary Advisors on the ERISA Agreement. Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

**3(38) Investment Manager.** Sanctuary Advisors offers ERISA 3(38) Investment Management through Goalpath which has discretionary management and control of a given retirement plan’s assets. Goalpath would then become solely responsible and liable for the selection, monitoring and replacement of the plan’s investment options.

## Item 5: Fees and Compensation

### 5.A. ADVISORY SERVICES FEES

This section provides information concerning fees and compensation for investment advisory services and programs available through Sanctuary Advisors. Additional information regarding fees and compensation related to the Wrap Fee Programs can be found in the applicable Wrap Fee Program Brochure.

#### 5.A.1. MANAGEMENT SERVICES

Fees for advisory services are generally calculated as a percentage of the total market value of the managed assets. Sanctuary Advisors offers its investment advisory services through a network of IARs that each create a fee schedule for accounts primarily serviced by such IAR, which will be provided to clients. In no event shall the maximum fee exceed 2.75% for the total portfolio assets committed to the IAR. Fees are negotiated on an individual basis at the time of the engagement for such services. Factors considered in determining the fees charged generally include, without limitation, complexity of the portfolio, amount of assets to be placed under management, related accounts, or other special requirements. The specific fee schedule will be identified in the advisory agreement between the client and Sanctuary Advisors. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion.

Clients may participate in Sanctuary Advisors’ wrap fee program sponsored by Sanctuary Advisors. The wrap fee program is an all-inclusive billing alternative. The fee paid to Sanctuary Advisors includes fees for the management, brokerage (e.g., commissions, ticket charges, etc.), custodial fees, and other related costs and expenses collectively. Sanctuary Advisors generally receives the total fee charged less the amounts paid by Sanctuary Advisors for all transaction and execution expenses. Inasmuch as Sanctuary Advisors pays the applicable broker-dealer the transaction and execution costs associated with client accounts, this may create a disincentive for Sanctuary Advisors to trade securities in accounts. Clients participating in the program will receive a copy of Sanctuary Advisors’ Wrap Fee Program Brochure.

## 5.A.2. SUB-ADVISORS

When one or more Sub-Advisors are utilized, the sub-advisory fees are generally incorporated into Sanctuary Advisors advisory services fee. Sanctuary Advisors typically deducts its advisory services fee from the client account and pays the Sub-Advisors fee.

## 5.A.3. MANAGED ACCOUNT SERVICES

Fees for services are generally calculated as a percentage of the total market value of all managed assets but excluding margin debit balance (if applicable). There may, however, be additional charges such as wire transfer fees or commissions for trades not executed through our qualified custodians: Schwab, TD Ameritrade, Fidelity, Pershing LLC, and Pershing Advisor Services. Services may cost you more or less than purchasing similar services separately, assuming the services could be purchased directly from the various providers thereof. In evaluating a managed account service, clients should consider several factors. A client may be able to obtain some or all the services available through a particular program on an “unbundled” or “bundled” basis through Sanctuary Advisors or through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower (or higher) than the fee charged in the model portfolio program. Payment of an asset-based fee may produce accounting, bookkeeping, or income tax results that differ from those resulting from the separate payment of (i) securities commissions and other execution costs on a trade-by-trade basis and (ii) advisory fees.

Revenues received by Sanctuary Advisors vary between the various managed account services. This presents a conflict of interest in that Sanctuary Advisors receives higher fee revenues from some programs than from others and, because IAR compensation is based, in part, on production (i.e., the amount of the net fee revenues and other revenues received by Sanctuary Advisors by client accounts), Sanctuary Advisors and IARs may have an incentive to recommend a higher-priced program when a comparable lower priced alternative is available. Sanctuary Advisors' policies require IARs to only recommend those programs and services that are in the best interest of each client.

## 5.A.4. PAYMENT

Generally, Sanctuary Advisors requires clients to authorize the direct debit of advisory service fees from their accounts. However, certain exceptions may be granted, subject to Sanctuary Advisors' written consent, to permit clients to be billed directly for advisory service fees. The client may withdraw this authorization for direct debit of the advisory service fee at any time by notifying Sanctuary Advisors or the custodian in writing. If the cash portion of an account is insufficient to pay the advisory service fee, Sanctuary Advisors may direct the custodian to liquidate assets selected by Sanctuary Advisors to pay such fees.

The advisory service fee is paid in advance and is due and payable on the first day of each calendar month or quarter, as specified in the client's advisory agreement. The advisory service fee for the first calendar month or quarter in which an account is opened will be due and payable in the month or quarter immediately following account funding. For the calendar month or quarter in which an advisory agreement is terminated, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to us from the client will be invoiced or deducted from the client's account prior to termination. Upon termination of a client's advisory agreement, the client will be charged all usual fees for transactions and services provided with respect to the client's account.

## 5.A.5. ADDITIONAL CLIENT FEES

All additional client fees paid for are in addition to and separate and distinct from the cost of transactions, advisory fees, custodial platform fees and sub-manager fees per your advisory agreement. Such additional client fees are described by each of our qualified custodians, and disclosures of such fees are provided to

you as part of your agreement with your custodian. Please review all fees disclosures and contact your IAR with any additional questions.

## 5.B. FINANCIAL PLANNING FEES

Sanctuary Advisors offers either hourly or fixed fee arrangements to all clients for its financial planning services. Fixed fees are computed based upon a good faith estimate of the hours required to perform services. Sanctuary Advisors attempts to maintain parity with hourly and fixed charges while allowing some flexibility in estimation, considering case complexity and client-specific circumstances. Financial planning fees are negotiated on an individual basis at the time of the engagement for such services. Factors considered in determining the fees charged generally include, without limitation, the type of financial planning services provided such as retirement planning, legacy planning, tax planning, insurance, and special needs planning.

A portion of the financial planning fees will be paid upon the commencement of the financial planning services, and the remainder will be paid as soon as the financial plan has been delivered to the client. However, some clients may enter into alternative billing arrangements.

Generally, Sanctuary Advisors requires clients to authorize the direct debit of financial planning fees from their accounts. However, certain exceptions may be granted, subject to Sanctuary Advisors' written consent, to permit clients to be billed directly for financial planning fees. The client may withdraw this authorization for direct debit of the financial planning fee at any time by notifying Sanctuary Advisors or the custodian in writing.

## 5.C. ERISA Plan Services Fees

Fees for ERISA Plan Services are typically charged as a percentage of the total plan assets under management as set out in the ERISA Plan Advisory Agreement.

## 5.D. CONFLICTS OF INTEREST

IAR compensation, in part, is based on the amount of fee revenue generated by the clients serviced by the IAR; therefore, a conflict of interest exists because IARs have an incentive to recommend investment products based on the compensation received, rather than on the client's needs. Sanctuary Advisors has implemented a Code of Ethics and internal policies and procedures to ensure that the interests of its clients are given priority to the interests of its IARs. See Item 11: Code of Ethics, Participation or Interests in Client Transactions and Personal Trading for details regarding the Code of Ethics and Sanctuary Advisors internal policies and procedures.

We have an incentive to advise you to invest in certain investments, such as fixed income products, alternative investments, structured notes, or sub-managed portfolios, because the manager or sponsor of those investments may share distribution fees, underwriting fees, manager fees, or a portion of their revenue with affiliates. To address any conflict of interest, Sanctuary Advisors has implemented a Code of Ethics and specific policies and procedures to ensure any transaction is in the client's best interest.

Program Name	Product Name	Discretionary Program	Types of Securities Offered Include	Maximum Client Advisory Fee* at Time of Investment Amount	Minimum Investment
Advisor Directed	Advisor Directed Discretionary	Yes	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%	\$10,000
	Advisor Directed Non-Discretionary	No	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%	\$10,000

	Advisor Model Discretionary	Yes	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%	\$10,000
SMA Solutions	AdvisorFlex Portfolios	Yes	ETF, Mutual Fund Portfolios	2.75%	\$50,000
	Asset Allocation Portfolios	Yes	ETF, Mutual Fund Portfolios	2.75%	\$50,000
	American Funds Core Portfolios	Yes	ETF, Mutual Fund Portfolios	2.75%	\$10,000
	WealthStart Portfolios	Yes	ETF, Mutual Fund Portfolios	2.75%	\$10,000
	SMA Equity and Balanced Strategists	Yes	Equities, ADRs, Mutual Funds, ETFs, Cash	2.75%	\$100,000
	SMA Fixed Income Strategists	Yes	U.S. Treasury, U.S. Agency, Cash, Residential/Commercial CMOs, Investment Grade and High Yield Corporate and Municipal Bonds, Asset-Backed Securities, Fixed Income ETF or Mutual Fund	2.75%	\$100,000
	SMA Mutual Funds and ETF Strategists	Yes	ETF, Mutual Fund Portfolios	2.75%	\$10,000
UMA Solutions	UMA	Yes	SMAs, Models, Mutual Funds, ETFs, Equities	2.75%	\$100,000
Sanctuary Asset Management	SAM Equity Strategies	Yes	Equities, ADRs, Mutual Funds, ETFs, Cash	2.75%	\$50,000
	SAM Fixed Income Strategies	Yes	U.S. Treasury, U.S. Agency, Cash, Residential/Commercial CMOs, Investment Grade and High Yield Corporate and Municipal Bonds, Asset-Backed Securities, Fixed Income ETF or Mutual Fund	2.75%	\$250,000

	SAM Model Strategies	Yes	ETF, Mutual Fund Portfolios	2.75%	\$10,000 ETF Only \$50,000 ETF and Mutual Fund
International SMA	Offshore SMA Equity and Balanced Strategists	Yes	UCIT Equities, UCIT ADRs, UCIT Mutual Funds, UCIT ETFs, Cash	2.75%	\$100,000
	Offshore SMA Fixed Income Strategists	Yes	U.S. Treasury, U.S. Agency, Cash, Residential/Commercial CMOs, Investment Grade and High Yield Corporate and Municipal Bonds Asset-Backed Securities, Fixed Income ETF or Mutual Fund	2.75%	\$100,000
	Offshore SMA Mutual Funds & ETF Strategists	Yes	UCIT ETF, UCIT Mutual Fund Portfolios	2.75%	\$10,000
	Onshore SMA Equity and Balanced Strategists	Yes	Equities, ADRs, Mutual Funds, ETFs, Cash	2.75%	\$100,000
	Onshore SMA Fixed Income Strategists	Yes	U.S. Treasury, U.S. Agency, Cash, Residential/Commercial CMOs, Investment Grade and High Yield Corporate and Municipal Bonds Asset-Backed Securities, Fixed Income ETF or Mutual Fund	2.75%	\$100,000

\* The portfolio manager fees are included in the Client Advisory Fee. The Client Advisory Fee also includes a Sanctuary One Sponsor Fee, and a Platform Fee charged by Pershing and Lockwood as compensation for advisory (Lockwood's overlay/portfolio management services with respect to the Lockwood Advised Programs), administrative, clearing and custody services.

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

Sanctuary Advisors does not charge performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client). Sanctuary Advisors does not participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

## Item 7: Types of Clients

We offer investment advisory services to the following types of clients:

- Individuals;
- Corporations and other businesses;
- Trusts;
- Estates;
- Charitable organizations;
- Pension and Profit-Sharing Plans;
- Employee Benefits Plans.

Sanctuary Advisors does not impose minimum account sizes or a minimum investment amount; however, individual IARs may require you to meet minimum asset thresholds for an account to be managed.

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

### 8.A. METHODS OF ANALYSIS

Sanctuary Advisors develops a customized investment strategy for each client. In selecting investments for a client's account in accordance with the client's advisory agreement, Sanctuary Advisors may use any of the following types of analysis or a blend of these types of analysis.

#### 8.A.1. FUNDAMENTAL ANALYSIS

The attempt to measure the intrinsic value of a security by examining economic, financial, and other qualitative and quantitative factors. Fundamental analysis looks at revenues, earnings, profit margins, return on equity, and other data to determine a company's potential for growth. It also considers the overall economy and industry conditions. Risk of fundamental analysis lies in that it does not attempt to predict or anticipate market movements.

#### 8.A.2. QUANTITATIVE ANALYSIS

The use of mathematical and statistical modeling to obtain more accurate measurements of a company's quantifiable data, such as historical price and volume statistics, performance data, standard deviation and related risk metrics, and a security's performance relative to the overall market. Quantitative analysis runs the risk of not taking into account qualitative factors that may affect the investment. Additionally, quantitative analysis heavily relies on the accuracy of underlying data.

### 8.A.3. TECHNICAL ANALYSIS

The charting of price and volume data, as reported by the exchange on which the security is traded. Technical analysis focuses on price trends and sector movements to recognize undervalued or oversold securities. Technical analysis does not consider the underlying financial condition of the company, so it runs the risk that a poorly- managed or financially unstable company may appear as a suitable investment for the client.

### 8.A.4. MUTUAL FUND, ETFs, AND/OR MANAGER EVALUATION

The review of qualitative and quantitative information available on the mutual fund or manager to determine the appropriateness of the selection. The quantitative analysis includes consideration of performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks; analysis of risk-adjusted returns; analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector, and style analysis; fund, sub-advisor, or manager's fee structure; and portfolio manager's tenure. Sanctuary Advisors will also consider qualitative factors including investment objectives and/or management style and philosophy of a mutual fund or manager, mutual fund, or manager's consistency of investment style, and employee turnover, efficiency, and capacity. The IAR will discuss relevant quantitative and qualitative factors pertaining to their recommendations with clients prior to a client's determination to retain or discharge a mutual fund or manager.

## 8.B. INVESTMENT STRATEGIES AND MATERIAL RISKS

Sanctuary Advisors typically invests in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds ("ETFs")
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Corporate debt obligations
- Options
- Alternatives (including, without limitation, private equity, private credit, real estate, and venture capital)

However, Sanctuary Advisors does not restrict itself in the types of securities it may utilize, if appropriate for the client.

### **Inherent Risks of Investing**

All investments are subject to risks. Clients should be cognizant of the potential and inherent risks of investing in securities, including loss of capital. There is no assurance that Sanctuary Advisors will be able to attain your objectives, that any investment recommendation will be profitable, or a particular rate of return will be achieved.

### **Market Risks**

Market risk is the risk that the value of securities in a portfolio may decline due to daily fluctuations in the securities markets that are generally beyond Sanctuary Advisors' control. In a declining stock market, stock prices for all companies may decline, regardless of their long-term prospects.

### **Inflation Risks**



Inflation risk: Inflation reduces the buying power of a dollar, and could cause uncertainty among individual investors, possibly resulting in corporations backing away from projects which could further reduce the value of corporate equities.

### **Long-Term Purchases**

Sanctuary Advisors' investment strategy is generally long term in nature and predicated on a diversified portfolio of securities custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances. A risk in a long-term investment strategy is that by holding the security for a year or longer, the client may not take advantage of short-term gains that could be profitable. Additionally, if predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

### **Short-Term Trading**

Although Sanctuary Advisors, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. Short-term trading involves the purchase of securities with the intent of selling them within a relatively short time (typically a year or less). There is an inherent risk for clients who utilize short-term trading, in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **Management Risks**

While Sanctuary Advisors manages client investment portfolios, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Sanctuary Advisors allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Sanctuary Advisors' specific investment choices could underperform their relevant indexes. Sanctuary Advisors makes no guarantee regarding the investment performance of any client portfolio. Clients should understand that the investment performance and asset value of the client's portfolio can and will fluctuate and that the portfolio may lose money.

### **Economic Conditions**

Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While Sanctuary Advisors performs due diligence on the companies in whose securities it invests, economic conditions are not within the control of Sanctuary Advisors and no assurances can be given that Sanctuary Advisors will anticipate adverse developments.

### **Risks of Investments in ETFs, Mutual Funds, and Other Investment Pools**

As described above, Sanctuary Advisors may invest client portfolios in ETFs, mutual funds, and other investment pools ("Funds"). Investments in Funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, Funds' success will be related to the skills of their particular managers and their performance in managing their Funds. Registered Funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940, as amended.

### **Risks Related to ETF NAV and Market Price**

The market value of an ETF's shares may differ from its net asset value ("NAV"). This difference in price may be due to the fact that the supply and demand in the market for ETF shares at any point in time is not always identical to the supply and demand in the market for the underlying basket of securities. Accordingly, there may be times when an ETF trades at a premium (creating the risk that a portfolio pays

more than NAV for an ETF when making a purchase) or discount (creating the risks that the portfolio's value is reduced for undervalued ETFs it holds and that the portfolio receives less than NAV when selling an ETF).

### **Large-Capitalization Company Risk**

Sanctuary Advisors may invest a portion of a client's portfolio in large-capitalization companies. Large-capitalization companies are generally more mature and may be unable to respond as quickly as smaller companies to new competitive challenges, such as changes in technology and consumer tastes, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

### **Small-Capitalization Company Risk**

Sanctuary Advisors may invest a portion of a client's portfolio in small-capitalization companies. Investing in small-capitalization companies involves greater risk than is customarily associated with larger, more established companies. Small-capitalization companies frequently have less management depth and experience, narrower market penetrations, less diverse product lines, less competitive strengths, and fewer resources than larger companies. Due to these and other factors, stocks of small-capitalization companies may be more susceptible to market downturns and other events, and their prices may be more volatile than larger capitalization companies. In addition, in many instances, the securities of small-capitalization companies typically are traded only over the counter or on a regional securities exchange, and the frequency and volume of their trading is substantially less than is typical of larger companies. Because small-capitalization companies normally have fewer shares outstanding than larger companies, it may be more difficult to buy or sell significant amounts of such shares without an unfavorable impact on prevailing prices. Therefore, the securities of small-capitalization companies may be subject to greater price fluctuations. Small-capitalization companies are typically subject to greater changes in earnings and business prospects than larger, more established companies and also may not be widely followed by investors, which can lower the demand for their stock.

### **Equity Market Risks**

Sanctuary Advisors will generally invest portions of client assets directly into equity investments, primarily stocks, or into Funds that invest in the stock market. As noted above, while Funds have diversified portfolios that may make them less risky than investments in individual securities, Funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

### **Fixed Income Risks**

Sanctuary Advisors may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in Funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through Funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity). Sanctuary Advisors may invest portions of client assets into securities that are rated below investment grade (commonly known as "high yield" or "junk bonds"). Securities which are in the lower-grade categories generally offer a higher current yield than is offered by higher-grade securities of similar maturities, but they also generally involve greater risks, such as greater credit risk, greater market risk and volatility, and greater liquidity concerns. These investments are generally considered to be speculative based on the issuer's capacity or incapacity to pay interest and repay principal.

### **Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities.

Investments in options involve risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) the risk that the counterparty to a transaction may not fulfill its contractual obligations; (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the option may not correlate perfectly with the underlying asset, rate, or index. Option prices are highly volatile and may fluctuate substantially during a short period of time. Such prices are influenced by numerous factors that affect the markets, including, but not limited to: changing supply and demand relationships; government programs and policies; national and international political and economic events, changes in interest rates, inflation and deflation and changes in supply and demand relationships. It is possible that certain options might be difficult to purchase or sell, possibly preventing a manager from executing positions at an advantageous time or price, or possibly requiring them to dispose of other investments at unfavorable times or prices in order to satisfy a portfolio's other obligations. In addition, options allow investors to hedge security positions held in the portfolio.

Option strategies that Sanctuary Advisors may typically employ as part of its investment strategy include, but are not limited to:

- Covered call writing

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

- Long call options purchases

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

- Long put option purchases

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long-put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **Lack of Diversification**

Client accounts may not have a diversified portfolio of investments at any given time, and a substantial loss with respect to any particular investment in an undiversified portfolio will have a substantial negative impact on the aggregate value of the portfolio.

### **Financial Planning Risks**

Financial planning is inherently speculative, and Sanctuary Advisors makes no guarantee regarding the success or feasibility of any financial plan. The information forming the basis of any financial plan will be

derived from sources that Sanctuary Advisors believes are reliable, including information provided by the client, and the accuracy of such information is not guaranteed or independently verified by Sanctuary Advisors. Certain financial planning services may include educational information regarding the effect of taxes or recommendations with respect to insurance coverage types and amounts. Clients should understand that this tax and insurance information is general in nature. Nothing recommended or outlined by Sanctuary Advisors should be used by a client as a substitute for competent legal, accounting, or tax counsel provided by the client's personal attorney, accountant, and/or tax advisor. Additionally, Sanctuary Advisors strongly recommends that each client review each area of potential and/or actual insurance coverage need with the client's insurance agent to ensure that adequate coverage exists.

### **Security Leverage Risk**

Although Sanctuary Advisors, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Sanctuary Advisors will utilize leverage. The use of margin leverage entails borrowing which results in additional interest costs to the investor.

Sanctuary Advisors offers securities-based lines of credit through third parties which allow borrowers to access cash without liquidating their investment portfolios. The portfolio serves as collateral—qualified equities, bonds or funds that are already owned. Principal can be re-paid at any time during the life of the loan—only interest is due monthly. Securities-based loans may not be suitable for all loan parties (e.g., borrowers, pledgors, and guarantors) and carry a number of risks, including but not limited to the risk of a market downturn, tax implications if pledged securities are liquidated, and the potential increase in interest rates. If the value of pledged securities drops below certain levels, loan parties may be required to pay down the loan and/or pledge additional securities. The risks are described in the disclosures available through the third-party providers upon request. You should consider these risks and whether a securities-based loan is suitable before proceeding.

Sanctuary Advisors and its IARs do not give legal or tax advice. An attorney or tax advisor should be consulted for answers to specific questions. The purpose of a securities-backed line of credit must be for personal, family or household purposes and not for securities, investments or to purchase or carry margin securities, which include (1) stocks that are registered on a national securities exchange, or any over-the-counter security designated for trading in the national market system; (2) debt securities (bonds) that are convertible into margin stock; and (3) shares of most mutual funds.

### **Short Selling**

Sanctuary Advisors generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is affected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be affected at a significantly lower price. The primary risks of effecting short sales are the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

### **Information Risk**

All investment professionals rely on research in order to make conclusions about investment options and select investments. This research is generally a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Particular third-party data, or outside research, is utilized, in part, because of its perceived reliability, but there is no guarantee that the data or research will be completely accurate, and Sanctuary Advisors will not seek to independently verify its accuracy. Failure in data accuracy or research may cause Sanctuary Advisors to select investments that perform poorly and fail to help clients meet investment objectives and goals.

### **Cybersecurity Risk**

As technology becomes more integrated into Sanctuary Advisors' operations, Sanctuary Advisors will face

greater operational risks through breaches in cybersecurity. A breach in cybersecurity refers to both intentional and unintentional events that may cause Sanctuary Advisors to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause Sanctuary Advisors to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cybersecurity threats may result from unauthorized access to Sanctuary Advisors' digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, because Sanctuary Advisors works closely with third-party service providers (e.g., administrators, transfer agents, and custodians), cybersecurity breaches at such third-party service providers may subject Sanctuary Advisors to many of the same risks associated with direct cybersecurity breaches. While Sanctuary Advisors and their third-party service providers have established information technology and data security programs and have in place business continuity plans and other systems designed to prevent losses and mitigate cybersecurity risk, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified or that cyber-attacks may be highly sophisticated.

### **Quantitative Model Risk**

Certain strategies may rely heavily on quantitative models and the analysis of specific metrics to construct a client's portfolio. The impact of these metrics on a stock's performance can be difficult to predict, and stocks that previously possessed certain desirable quantitative characteristics may not continue to demonstrate those same characteristics in the future. In addition, relying on quantitative models entails the risk that the models themselves may be limited or incorrect, that the data on which the models rely may be incorrect or incomplete, and that Sanctuary Advisors may not be successful in selecting companies for investment or determining the weighting of particular stocks. Any of these factors could cause a client's portfolio to underperform other portfolios with similar strategies that do not select stocks based on quantitative analysis.

## **Item 9: Disciplinary Information**

Sanctuary Advisors, LLC, has no disciplinary events that it is required by SEC rules to disclose.

Clients can refer to the investment advisor public disclosure located at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA Broker Check at [www.finra.org](http://www.finra.org).

## **Item 10: Other Financial Industry Activity and Affiliations and Other Conflicts of Interest**

### ***Sanctuary Securities and Registered Representatives***

Sanctuary Securities, Inc. ("Sanctuary Securities") is a related person of Sanctuary Advisors through common control. Management persons of Sanctuary Advisors may also be management persons of Sanctuary Securities. These relationships and any compensation received by Sanctuary Advisors, Sanctuary Securities, or their parent, create a conflict of interest in the event Sanctuary Securities acts as a broker-dealer for a client of Sanctuary Advisors. To address any conflict of interest, Sanctuary Advisors has implemented a Code of Ethics and specific policies and procedures to ensure any transaction is in the client's best interest. See Item 11: Code of Ethics, Participation or Interest in Client Transactions and

Personal Trading for further details on addressing conflicts of interests in these situations. Any services provided by Sanctuary Securities are separate and distinct from Sanctuary Advisors' services and are provided pursuant to separate client agreements.

Many IARs of Sanctuary Advisors are dually registered as investment advisor representatives of Sanctuary Advisors and registered representatives of Sanctuary Securities. As such, these dually registered persons are entitled to receive brokerage commissions in their capacity as a registered representative. In order to protect client interests, Sanctuary Advisors' policy is to fully disclose all forms of compensation before any such transaction is executed.

### ***Insurance Agents***

Certain IARs may be licensed insurance agents through Sanctuary Securities and may recommend or assist in the recommendation of an insurance-related product to a client. The recommendation by IARs that a client purchase an insurance-related product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. To address any conflict of interest, Sanctuary Advisors has implemented a Code of Ethics and specific policies and procedures to ensure any transaction is in the client's best interest. The client is not under any obligation to purchase an insurance product from or through Sanctuary Securities.

**Clients are under no obligation to purchase securities or insurance products through Sanctuary Securities or its affiliates.**

### ***Other Financial Industry Affiliations***

Sanctuary Wealth, which is the sole owner of Sanctuary Advisors, is affiliated with the following entities:

- **Two West Capital Advisors, LLC** is a separately owned SEC registered investment advisor based in Overland Park, KS that operates under the names Two West Advisors (TWA) and Goalpath. Sanctuary Wealth has a 20% ownership interest in TWA and Sanctuary Advisors is engaged in a referral arrangement with TWA that allows Sanctuary Wealth to offer TWA's institutional level retirement plan services. Sanctuary Advisor's role in institutional retirement plan engagements is limited exclusively to that of a solicitor, and therefore Sanctuary Advisors does not provide investment related services or give investment related advice on behalf of TWA.
- **KL SWG AIV, LLC** (the "KL Fund"), a pooled investment vehicle, as a result of the KL Fund holding a convertible loan entitling the KL Fund and certain of its affiliates to certain consent and board appointment rights with respect to Sanctuary Wealth, both prior to and following conversion of the loan. As a result of the KL Fund's convertible loan, Sanctuary Advisors is also affiliated with the KL Fund, as well as the following:
  - Kennedy Lewis Management LP ("KLM" and together with its affiliates, "Kennedy Lewis"), a registered investment adviser, is affiliated with the manager of the KL Fund; and
  - Generate Advisors, LLC ("Generate Advisors" and together with the KL Fund, KLM, and their affiliates, "Kennedy Lewis"), a registered investment adviser that manages collateralized loan obligation assets, because Generate Advisors is under common control with KLM.
- **Azimut US Holdings, Inc.** ("AZ US Holdings"), a holding company, as a result of AZ US Holdings holding equity interests in Sanctuary Wealth that entitle AZ US Holdings to certain consent and board appointment rights with respect to Sanctuary Wealth. As a result of AZ US Holdings' equity interests in Sanctuary Wealth, Sanctuary Advisors is also affiliated with AZ US Holdings, as well as the following:



- Azimut Group, a European investment manager, because AZ US Holdings is a subsidiary of Azimut Group;
  - Azimut Genesis Advisors, LLC (“Azimut Genesis”), a registered investment adviser, because AZ US Holdings holds a majority ownership interest in Azimut Genesis; and
  - AZG Capital LLC (“AZG Capital” and together with AZ US Holdings, Azimut Group, Azimut Genesis, and their affiliates, “Azimut”), a registered investment adviser, because AZ US Holdings holds a majority ownership interest in AZG Capital.
- **Sanctuary Insurance Solutions, LLC** provides IARs with wealth and succession plans for high-net worth clients.
  - **Sanctuary Global, LLC** provides services, solutions, and resources for IARs conducting business globally.
  - **Sanctuary Asset Management Solutions, LLC** is an integrated asset management solution, which provides IARs the opportunity to create scale and efficiency within their investment process.
  - **Sanctuary Global Family Office, LLC** advises on family office formation, needs assessment, and assessing governance and controls of the family office.

From time to time, Sanctuary Advisors or its affiliates will make certain investment products (including, without limitation, business development companies and private funds), sponsored or managed by or services provided by Kennedy Lewis or Azimut or other Sanctuary Advisors’ affiliates (such products, “Affiliate Products and Services”), available to Sanctuary Advisors’ clients through Sanctuary Wealth’s platform, and Sanctuary Advisors may recommend that its clients invest in Affiliate Products and Services. In such instances, Sanctuary Advisors will be subject to conflicts of interest because the KL Fund’s and AZ US Holdings’ interests in Sanctuary Wealth create an incentive for Sanctuary Wealth and its affiliates (including Sanctuary Advisors) to increase clients’ investments in products that, like the Affiliate Products, and Services financially benefit Kennedy Lewis and Azimut. Sanctuary Advisors believes that these conflicts are mitigated by the fact that investment products, including Affiliate Products and Services, are generally subject to investment committee review prior to being included on Sanctuary Wealth’s platform, and because Sanctuary Advisors requires that investment recommendations be in the client’s best interest.

With respect to referral arrangements, such as exists between Sanctuary Advisors and TWA, Sanctuary Advisors will at all times put the interests of its clients ahead of its own as part of its fiduciary duties. Clients should be aware that the payment of referral fees between the parties creates a conflict of interest and may affect the judgment of individuals who make referral recommendations as IARs may be incented to recommend programs based on compensation received, rather than on the client’s needs. Sanctuary Advisors believes and takes actions to help ensure that recommendations are always in the best interests of the client and are consistent with the client’s needs. Clients are under no obligation to purchase services recommended by Sanctuary Advisors or TWA associated persons or to purchase services through TWA. Prospective clients should review their options with their attorney, accountant, or other applicable professional.

Sanctuary Advisors may provide investment advisory services to its affiliates.

## Item II: Code of Ethics, Participation, or Interest In Client Transactions And Personal Trading



## **11.A. CODE OF ETHICS DESCRIPTION**

In accordance with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”), Sanctuary Advisors has adopted a Code of Ethics, which includes written procedures governing the conduct of Sanctuary Advisors’ IARs. The Code of Ethics’ objectives are to:

- Provide standards of honest and ethical conduct;
- Promote compliance with applicable federal and state laws, rules, and regulations;
- Facilitate prompt internal reporting of violations of the Code of Ethics; and
- Deter wrongdoing.

All IARs of Sanctuary Advisors are required to sign and return an acknowledgement of the Code of Ethics, attesting that they have read and understand it. The Code of Ethics and applicable securities transactions are monitored by the Sanctuary Advisors Compliance Department.

Sanctuary Advisors will provide a copy of its Code of Ethics to any client or prospective client upon request.

## **11.B. INVESTMENT RECOMMENDATIONS INVOLVING A MATERIAL FINANCIAL INTEREST AND CONFLICTS OF INTEREST**

From time to time, Sanctuary Advisors and/or a related person may recommend to clients, or buy or sell for client accounts, securities in which it or a related person has a material financial interest. Such practices may present a conflict of interest. Sanctuary Advisors and its related persons have implemented specific policies and procedures on conducting these practices to: (i) comply with the Advisers Act; and (ii) uphold Sanctuary Advisors’ fiduciary duties to its clients by prioritizing the client’s interests above all others.

### **11.B.1. PRINCIPAL TRADING**

Sanctuary Advisors does not engage in principal trading.

### **11.B.2. AGENCY CROSS TRADING**

An agency cross trade is a securities transaction between clients, where one client buys from, or sells securities to, another client. Agency cross trading presents a conflict of interest because the advisor/broker-dealer is obligated to act in the best interest of two clients with conflicting interests. Sanctuary Advisors will only engage in an agency cross trade if such trade is in the best interest of the participating clients, and neither is disadvantaged by such trade. Additionally, in the event Sanctuary Advisors executes a cross trade, Sanctuary Advisors will also do so in compliance with Rule 206(3)-2 of the Advisers Act.

## **11.C. ADVISORY FIRM PURCHASE OF SAME SECURITIES RECOMMENDED TO CLIENTS AND CONFLICTS OF INTEREST**

From time to time, Sanctuary Advisors and its IARs may purchase the same securities that it recommends to clients. This may raise potential conflicts of interest when an IAR trades in a security that is owned by a client or considered for purchase or sale by a client. Such conflict generally refers to the practice of front-running (trading ahead of the client), which the firm specifically prohibits.

It is the policy of Sanctuary Advisors that no IAR may purchase or sell any security prior to a transaction being implemented for a client account, thereby preventing such IAR from benefiting from transactions placed on behalf of clients. Sanctuary Advisors has adopted specific policies and procedures that are

intended to address these conflicts of interest. These policies and procedures:

- Require IARs and employees to act in the client's best interest;
- Prohibit front-running; and
- Provide for the review of transactions to discover and correct any trades that result in an IAR or employee benefiting at the expense of a client.

However, IARs may purchase or sell a security for his or her own account at the time that the same security or related security is being purchased or sold by a client. IARs will receive the same price for purchases or sales of securities as clients when an average price account is used.

The Code of Ethics also addresses personal trading by IARs and is designed to ensure that the personal securities transactions, activities, and interests of IARs will not interfere with making decisions in the best interest of clients and implementing such decisions.

## Item 12: Brokerage Practices

### 12.A. FACTORS USED TO SELECT BROKER-DEALERS FOR CLIENT TRANSACTIONS

Sanctuary Advisors requires that clients select and establish accounts with one or more of the following qualified custodians: Schwab, TD Ameritrade, Fidelity, Pershing LLC, or Pershing Advisors Services. Sanctuary Advisors will effect trades for client accounts at one of these custodians.

Sanctuary Advisors will endeavor to seek best execution when placing trades for clients. In attempting to achieve best execution, the lowest commission is not determinative; instead, Sanctuary Advisors will seek the best overall qualitative execution. Sanctuary Advisors' review of its custodians will include one or more of the following: (i) financial stability of the custodian; (ii) its capabilities of handling various size and type transactions; (iii) execution capability; (iv) ability to provide services in addition to execution services that enhance Sanctuary Advisors' portfolio management capabilities; (v) additional transaction fees; and (vi) responsiveness.

When trades in client accounts are executed by a Sub-Advisor, the best execution policies of the Sub-Advisor will apply. Clients will be provided each Sub-Advisors' Form ADV Part 2A Brochure, which contains important information regarding policies and procedures regarding best execution.

Sanctuary Advisors has arrangements with each of its custodians in order to effect trades for your account(s). These arrangements can include benefits in the form of other products and services that benefit Sanctuary Advisors but not its clients' accounts. Some of these other products and services assist Sanctuary Advisors in managing and administering client accounts. These can include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitate payment of Sanctuary Advisor's fees from client's accounts, and assist with back-office functions, record keeping and client reporting. **For further understanding of the brokerage services provided by these custodians as well as other benefits to Sanctuary Advisors provided through our custodial arrangements, please see the detailed custodian descriptions below.**

#### ***Charles Schwab & Company***

For clients accounts maintained at Charles Schwab & Co., Inc. ("Schwab"), Schwab generally does not charge separately for custody services but is compensated by charging clients commissions or other fees

on trades that it executes or that settle into the client's Schwab account. Certain trades (for example, mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in the client's account in Schwab's Cash Features Program. This commitment benefits clients because the overall commission rates and asset-based fees clients pay are lower than they would be otherwise. In addition to commissions and asset-based fees, Schwab charges clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that Sanctuary Advisors executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer.

Schwab provides Sanctuary Advisors with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Sanctuary Advisors' client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into accounts maintained at Schwab.

Schwab also makes available to Sanctuary Advisors other products and services that benefit Sanctuary Advisors but may not benefit its clients' accounts. These benefits may include national, regional or Sanctuary Advisors specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of Sanctuary Advisors by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Sanctuary Advisors in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Sanctuary Advisors fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Sanctuary Advisors' accounts, including accounts not maintained at Schwab. Schwab also makes available to Sanctuary Advisors other services intended to help Sanctuary Advisors manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Sanctuary Advisors by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Sanctuary Advisors. While, as a fiduciary, Sanctuary Advisors endeavors to act in its clients' best interest, Sanctuary Advisors' recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Sanctuary Advisors of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### ***TD Ameritrade***

Sanctuary Advisors participates in TD Ameritrade's institutional customer program and Sanctuary

Advisors may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Sanctuary Advisors' participation in the program and the investment advice it gives to clients, although Sanctuary Advisors receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Sanctuary Advisors participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted 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 Sanctuary Advisors may recommend that clients establish brokerage accounts with TD Ameritrade. Sanctuary Advisors also receives certain additional economic benefits ("Additional Benefits") that may or may not be offered to any other independent advisors participating in that program. The Additional Services include payment for services provided by vendors for transition management, marketing, technology, and trading. The payment of these services has economic value to Sanctuary Advisors. TD Ameritrade provides the Additional Services to Sanctuary Advisors in its sole discretion and at its own expense, and Sanctuary Advisors does not pay a fee to TD Ameritrade for the Additional Services. Sanctuary Advisors and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Sanctuary Advisors' receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Sanctuary Advisors, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Sanctuary Advisors, in its sole discretion, provided certain conditions are met. Consequently, to continue to obtain Additional Services from TD Ameritrade, Sanctuary Advisors may have an incentive to recommend to its clients that the assets under management by Sanctuary Advisors be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Sanctuary Advisors' receipt of Additional Services does not diminish its duty to act in the best interest of its clients, including to seek best execution of trades for client accounts.

As part of its fiduciary duties to clients, Sanctuary Advisors endeavors to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Sanctuary Advisors or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Sanctuary Advisors' recommendation of broker-dealers for custody and brokerage services.

### ***Fidelity***

Sanctuary Advisors has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Sanctuary Advisors with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Sanctuary Advisors in conducting business and in serving the best interest of their clients, but that may also benefit Sanctuary Advisors.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions. The commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity makes available to Sanctuary Advisors, at no additional charge to Sanctuary Advisors, certain research, and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Sanctuary Advisors (within

specified parameters). These research and brokerage services presently include services such as reimbursing Sanctuary Advisors for expenses related to IARs and their respective clients to the Fidelity platform for custodial and other services including managing accounts for which Sanctuary Advisors has investment discretion. Without this arrangement, Sanctuary Advisors might be compelled to purchase the same or similar services at its own expense.

As a result of receiving such services for no additional cost, Sanctuary Advisors may have an incentive to continue to use or expand the use of Fidelity's services. Sanctuary Advisors examined this potential conflict of interest when it chose to enter the relationship with Fidelity and has determined that the relationship is in the best interest of Sanctuary Advisors' clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Sanctuary Advisors determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. Accordingly, although Sanctuary Advisors will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by Sanctuary Advisors will generally be used to service all of Sanctuary Advisors' clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Sanctuary Advisors and Fidelity are not affiliates, and no broker-dealer affiliated with Sanctuary Advisors is involved in the relationship between Sanctuary Advisors and Fidelity.

### ***Pershing, LLC and Pershing Advisor Services***

Pershing LLC ("Pershing") is the clearing firm for Sanctuary Advisor's brokerage business and is a custodial option for its accounts. Pershing offers their broker-dealer clients substantial financial strength and stability, economies of scale, and reliable, state-of-the-art technology. As part of this business relationship, Sanctuary Advisors pays Pershing various execution and clearing charges and fees in connection with Pershing maintaining custody and effecting the purchase and sale of securities for Sanctuary Advisors' clients. Pershing's execution and clearing charges are included in the commissions and transaction charges or fees that Sanctuary Advisors charges its clients. Pershing pays Sanctuary Advisors the portion of commissions and transactions fees that exceed its execution and clearing charges. Sanctuary Advisors does not share any of this revenue received from Pershing for investment advisory accounts with our IARs.

Pershing charges Sanctuary Advisors for certain account services for accounts custodied with Pershing (including advisory accounts), including clearing and executing transactions, outgoing transfers, wired funds, direct registration of securities, paper statements and confirms, margin extensions, ticket charges, and IRA custodial maintenance and termination. Sanctuary Advisors sets its own price for its services, which are designed to cover its costs of doing business (including overhead and other costs) as well as provide for a profit to Sanctuary Advisors. Sanctuary Advisors charges clients more for certain services than it pays Pershing, which is sometimes called a "markup," and the markups vary by product and the type of service and can be substantial. Sanctuary Advisors keeps the difference between the fees and charges our clients pay and the amount paid to Pershing to cover the costs associated with processing transactions and providing other services.

The economic arrangements between Sanctuary Advisors and Pershing (including the fees charged by Pershing) can be renegotiated and change from time to time, including in circumstances where Sanctuary Advisors realizes net savings or increased profits from the changed arrangements and Sanctuary Advisors does pass on any net savings or increased profits in the form of reduced fees and charges to clients. This practice creates a conflict of interest for us since we have a financial incentive to recommend Pershing since we receive substantial compensation for the services we provide. IARs do not receive a portion of these fees.

Sanctuary Advisors has an arrangement with Pershing Advisor Services ("PAS") through which PAS provides Sanctuary Advisors with PAS's "platform" services. The platform services include, among others,



brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Sanctuary Advisors in conducting business and in serving the best interest of their clients, but that may also benefit Sanctuary Advisors.

PAS charges brokerage commissions and transaction fees for effecting certain securities transactions. The commissions and transaction fees charged by PAS may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, PAS makes available to Sanctuary Advisors, at no additional charge to Sanctuary Advisors, certain research, and brokerage services, including research services obtained by PAS directly from independent research companies, as selected by Sanctuary Advisors (within specified parameters). These research and brokerage services presently include services such as reimbursing Sanctuary Advisors for expenses related to IARs and their respective clients to the PAS platform for custodial and other services including managing accounts for which Sanctuary Advisors has investment discretion. Without this arrangement, Sanctuary Advisors might be compelled to purchase the same or similar services at its own expense.

As a result of receiving such services for no additional cost, Sanctuary Advisors may have an incentive to continue to use or expand the use of PAS's services. Sanctuary Advisors examined this potential conflict of interest when it chose to enter the relationship with PAS and has determined that the relationship is in the best interest of Sanctuary Advisors' clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where the Sanctuary Advisors determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. Accordingly, although Sanctuary Advisors will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by Sanctuary Advisors will generally be used to service all of Sanctuary Advisors' clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Sanctuary Advisors and PAS are not affiliates, and no broker-dealer affiliated with Sanctuary Advisors is involved in the relationship between Sanctuary Advisors and PAS.

While, as a fiduciary, Sanctuary Advisors endeavors to act in its clients' best interests, you should expect that Sanctuary Advisors' recommendation that clients maintain their assets in accounts at any of these custodians is based in part on the benefit to Sanctuary Advisors of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by each custodian, which creates a conflict of interest.

### **12.A.1. SOFT DOLLAR BENEFITS**

Sanctuary Advisors currently has soft dollar arrangements with our qualified custodians pursuant to the safe harbor of Section 28(e) of the Securities Exchange Act of 1934. The term "soft dollars" refers to the receipt by an investment adviser of products and services provided by our custodians, without any cash payment by the investment adviser, based on assets held with the custodians. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). As such, Sanctuary Advisors at times has an incentive to conduct soft dollar trades based on Sanctuary Advisors' interest in receiving the research or other services, rather than on clients' interest in receiving the lowest commission. Sanctuary Advisors may use research or soft dollar benefits to service accounts that do not necessarily pay for the benefits.

## **12.A.2. BROKERAGE FOR CLIENT REFERRALS**

In selecting or recommending broker-dealers, Sanctuary Advisors does not consider whether Sanctuary Advisors or a related person receives client referrals from a broker-dealer or third party.

## **12.A.3. DIRECTED BROKERAGE**

Sanctuary Advisors does not allow directed brokerage discretion from any client.

## **12.B. AGGREGATING SECURITIES TRANSACTIONS FOR CLIENT ACCOUNTS**

Orders for the same security entered on behalf of more than one client managed by the same IAR may be aggregated (i.e., blocked or bunched) to reduce transaction costs, subject to the aggregation being: (i) in the best interest of each client participating in the order; (ii) consistent with Sanctuary Advisors' duty to obtain best execution; and (iii) consistent with the terms of the advisory agreement of each participating client. All clients participating in an aggregated order will receive the average price.

# **Item 13: Review of Accounts**

IARs will monitor your accounts on an ongoing basis and will conduct account reviews with you on at least an annual basis or upon client request, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or
- changes in your risk/return objectives.

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

## **14.A. SOLICITATION ARRANGEMENTS**

Sanctuary Advisors pays referral fees to independent persons or firms ("Solicitors/Promoters") for introducing clients to Sanctuary Advisors. All such arrangements are consistent with the rules under the Advisers Act as well as individual State requirements, including, without limitation, documenting such arrangement in a written agreement and providing certain disclosures to referral prospects/clients.

## **14.B. CLIENT REFERRALS AND OTHER CUSTODIAL COMPENSATION**

Sanctuary Advisors and IARs receive economic benefits from our qualified custodians in the form of support products and services that custodians make available to Sanctuary Advisors. Please see Item 12 -



Brokerage Practices for more information.

#### **14.C. EVENT SPONSORSHIP**

Periodically Sanctuary holds advisor meetings or industry conferences which may be firm-only or include external attendees. These meetings provide sponsorship opportunities for vendors and other third-party providers. Sponsorship fees allow these companies access to Sanctuary Advisors' IARs and employees to discuss ideas, products, or services. The sponsorship fees also supplement the payment of the meeting or future meetings. This presents a potential conflict of interest, as Sanctuary Advisors may refer business to a certain vendor following their attendance and sponsorship. To mitigate the potential conflict of interest, sponsorship fees are not dependent on assets placed with any specific provider, or the revenue generated by asset placement.

#### **14.D. TRANSITION ASSISTANCE BENEFITS**

When an IAR associates with Sanctuary Advisors after working with another financial services firm, the IAR can receive recruitment or transition compensation from Sanctuary Advisors in connection with the transition. This transition assistance includes payments that are intended to assist an IAR with certain defined costs associated with the transition; however, we do not verify that any payments made are used for transition costs. These payments can be in the form of repayable or compensatory loans and are subject to favorable interest rate terms, as compared to other lenders. In the case of compensatory loans, the loans are subject to repayment if an IAR leaves Sanctuary Advisors before a certain period of time.

Funds advanced by Sanctuary Advisors to an IAR under a compensatory loan are not taxable to the IAR when received but represent taxable income as the principal and interest is forgiven by Sanctuary Advisors or the IAR is paid additional compensation to cover the principal and interest on the note. Transition assistance payments can be used for a variety of purposes such as providing working capital to assist in funding the IAR's business, offsetting account transfer fees payable to the custodian as a result of the clients transitioning to Sanctuary Advisor's platforms, technology set-up fees, marketing, mailing and stationery costs, registration and licensing fees, moving and office space expenses, staffing support, and termination fees associated with moving accounts.

The amount of recruitment compensation is often significant in relation to the overall revenue earned or compensation received by an IAR at his or her prior firm. Such recruitment compensation is typically based on a percentage of the IAR's business established at their prior firm, for example, a percentage of the revenue earned, or assets serviced at the prior firm, or on the size of the assets that transition to Sanctuary Advisors.

## **Item 15: Custody**

Pursuant to Rule 206(4)-2, we are deemed to have limited custody of client account's funds and securities because we can debit fees directly from the accounts of such clients. Authorization to debit fees directly from a client account is granted by the client's signed Sanctuary Advisor Agreement or Sanctuary Financial Planning Agreement. We are also deemed to have custody of a client's funds and/or securities when a client has on file a standing letter of authorization (SLOA) with the account custodian to move money from the client's account to a third party and, pursuant to the SLOA, authorizes us to designate, based on your instructions from time to time, the amount or timing of the transfers. We follow the procedural safeguards intended to alleviate a firm from being held to the full requirements of the SEC's Custody Rule in this regard.

All client assets will be held by a qualified custodian. Clients have access to their portfolio holdings and activity through their custodian's platform, which generally permits clients to log into their custodial account via secure login and password. In addition, qualified custodians will send, or make available, on a quarterly basis or more frequently, account statements directly to each client. We urge clients to carefully review these account statements from their qualified custodians and compare the information therein with any financial statements or information received or made available to clients through Sanctuary Advisors or any other outside vendor. Clients should contact Sanctuary Advisors and/or their custodian if there are any discrepancies regarding the reports/statements.

Sanctuary's qualified custodians will also provide clients with confirmations of trading activity, asset movement, and various tax forms.

## Item 16: Investment Discretion

As described in Item 4 - Advisory Business, Sanctuary Advisors will accept clients on either a discretionary or non-discretionary basis. If required by the custodian, the client will execute a limited power of attorney ("LPOA") which allows Sanctuary Advisors to carry out trade recommendations and approved actions in, and give instructions to the custodian related to, the client's account.

Clients who engage Sanctuary Advisors on a discretionary basis may, at any time, request reasonable restrictions, in writing, on the Adviser's discretionary authority (e.g., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the use of margin, etc.).

## Item 17: Voting Client Securities

### 17.A. AUTHORITY TO VOTE

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Sanctuary Advisors has adopted and implemented written policies and procedures governing the voting of client securities. Clients may elect to have Sanctuary Advisors vote proxies on their behalf or they may keep authority to vote their proxies.

Where Sanctuary Advisors votes proxies, Sanctuary Advisors seeks to vote in the best interest of the client. Sanctuary Advisors supplements its evaluation of client proxies with guidance from an independent corporate governance consulting firm.

There may be instances where issues or conflicts exist that prevent Sanctuary Advisors from voting client proxies. In cases where Sanctuary Advisors is aware of a proxy voting conflict between the interests of a client and the interests of Sanctuary Advisors or an affiliated person of Sanctuary Advisors, Sanctuary Advisors will either abstain from voting or vote the applicable shares in a way that seeks to mitigate such conflicts.

### 17.B. CLASS ACTION LAWSUITS

Securities held in a client's managed accounts may be subject to class action lawsuits. Sanctuary Advisors has engaged Broadridge Financial Solutions, Inc. ("Broadridge") to provide a review of possible settlement claims involving a class action lawsuit. Broadridge seeks out open and eligible class action lawsuits.

Broadridge files, monitors, and expedites the distribution of settlement proceeds in compliance with SEC guidelines on the client's behalf. Broadridge's filing fee is contingent upon the successful completion and distribution of the settlement proceeds from a class action lawsuit. The Broadridge filing fee is paid by Sanctuary Advisors. The settlement proceeds are distributed to eligible clients. Clients are automatically included in Broadridge's service after the account has been established or transferred to an account custodian. Clients can opt-out by notifying Sanctuary Advisors in writing. If a client opts-out, neither Sanctuary Advisors nor Broadridge will monitor class action filings for the client.

A copy of Sanctuary Advisors' proxy voting and class action lawsuits policies and procedures, as well as specific information about how Sanctuary Advisors has voted in the past for your account, is available upon request.

## Item 18: Financial Information

Sanctuary Advisors has not been the subject of a bankruptcy petition. Sanctuary Advisors does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and currently does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, and therefore has no disclosure with respect to this item.