



## Sanctuary Advisors, LLC

## Form ADV 2A: Wrap Fee Program Brochure

---

03/2025

This wrap fee 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: Material Changes

This Wrap Fee Program Brochure (the “Brochure”) is Sanctuary Advisors, LLC’s 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 Brochure since its annual amendment dated March 2024 are described below. You can obtain a complete copy of our Firm Brochure by contacting your Investment Advisory Representative or by contacting the Firm and requesting one.

1. **Item 10: Other Financial Industry Activities and Affiliations:** tru Independence Asset Management, LLC (“TIAM”) and tru Independence Asset Management 2, LLC (“TIAM2”) are both SEC registered investment advisers based in Portland, OR. Sanctuary Wealth Group, LLC (“Sanctuary Wealth”) acquired tru Independence, LLC and its affiliated entities, TIAM and TIAM2, on April 30, 2024. Sanctuary Advisors, LLC (“Sanctuary Advisors”), TIAM, and TIAM2 are under common control of Sanctuary Wealth.

Other minor clarifications and edits were made in the document where deemed warranted.

# Item 3: Table of Contents

|  |    |
|--|----|
| ITEM 1: COVER PAGE.....  | 1  |
| ITEM 2: MATERIAL CHANGES .....   | 2  |
| ITEM 3: TABLE OF CONTENTS.....   | 3  |
| ITEM 4: SERVICES, FEES AND COMPENSATION .....  | 4  |
| ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS .....  | 9  |
| ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION .....   | 9  |
| ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS.....                                       | 16 |
| ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS.....  | 16 |
| ITEM 9: ADDITIONAL INFORMATION .....   | 16 |
| ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....                                   | 16 |
| ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING..... | 18 |

## Item 4: Services, Fees, and Compensation

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 wrap fee 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.

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.A. 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.

A wrap fee program is defined as an advisory program in which a client pays a single, specified fee for portfolio management services and trade execution. We receive a portion of the investment advisory fee when you participate in any of the wrap fee programs we offer. The benefit of a wrap fee program depends, in part, upon the size of the account, the type of securities in the account, and the expected size and number of transactions likely to be generated. Generally, wrap fee accounts are less expensive for actively traded accounts. For accounts with little or no trading activity, a wrap fee program may not be suitable because the wrap fee could be higher than fees in a traditional brokerage or non-wrap fee advisory account where you pay a fee for advisory services plus a commission or transaction charge for each transaction in the account. You should evaluate the total cost for a wrap fee account against the cost of participating in another program or account.

Sanctuary Advisors' Wrap Programs (the "Wrap Program(s)") services, where it serves as the Wrap Program's Sponsor and, in some instances, the Portfolio Manager, include: (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. This Brochure describes the wrap fee structure only. Please refer to the chart located below for further details on the Wrap Programs offered.

IARs, subject to Sanctuary Advisor's supervision, can develop their own investment philosophies and strategies. Investment philosophies and strategies can differ considerably between and among IARs. There is no guarantee, stated or implied, that a strategy or client's investment goals or objectives will be achieved.

Clients have access to a wide range of securities products, including common and preferred stocks, municipal, corporate, and government fixed income securities; mutual funds; exchange traded funds (ETFs), options, variable annuity products, alternative investments, as well as a wide range of other investment products. IARs offer advice on these and other types of investments based on the individual circumstances of each client.

### **Advisor Directed**

The Advisor Directed program offers IARs 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 IAR 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 IAR 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 IAR acts as the portfolio manager and enters his/her own trades.

### **Separately Managed Account**

The Separately Managed Account ("SMAs") program offers the IARs 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 IARs 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 vary depending upon the selected solution. Please see the Chart below for additional detail.

### **Unified Managed Account**

The Unified Management Account ("UMAs") program provides the IAR 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 IARs meet their clients' objectives. UMA solutions do have a minimum investment and please refer to the chart below for additional details.

The Advisor Directed program can be provided on either a discretionary or non-discretionary basis. The

Advisor Directed 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 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 Advisors.
- 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.A.1. Fees**

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. The IARs create a fee schedule for each client that is reviewed, agreed upon and provided to each client. 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.

The Wrap 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.

| <b>Program Name</b> | <b>Product Name</b>                  | <b>Discretionary Program</b> | <b>Types of Securities Offered Include</b>  | <b>Maximum Client Advisory Fee*</b> | <b>Minimum Investment</b> |
|---------------------|--------------------------------------|------------------------------|---|-------------------------------------|---------------------------|
| 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 Direct Indexing                  | Yes                          | Equities, ADRs, Mutual Funds, ETFs, Cash  | 2.75%                               | \$250,000                 |
|                     | 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 | SMA, 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<br>\$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   |

\* Please see the information provided in this Item 4 for further discussion of Client Advisory Fees.



## 4.B. Fees Comparison

Clients may be able to purchase services similar to those offered under the Wrap Program from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than our Wrap Program, depending on the fees charged by such other service providers. For example, the Wrap Program fee, which is fixed regardless of the number of transactions occurring in the account, may be more or less than paying for execution on a per-transaction basis.

## 4.C. Additional Fees

Sanctuary Advisors pays all custodian fees and transaction fees for all accounts under this Wrap Program. However, custodians may charge other related costs on the purchases or sales of mutual funds, equities, bonds, options, margin interest, and mark-ups, markdowns, or spreads to market makers. Mutual funds, money market funds, and exchange-traded funds may also charge internal management fees, which are disclosed in the fund's prospectus. Sanctuary Advisors does not directly receive any compensation from these fees.

## 4.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 9: Additional Information.

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.

# Item 5: Account Requirements and 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 or Sub-Advisors may require you to meet minimum asset thresholds for an account to be managed.

# Item 6: Portfolio Manager Selection and Evaluation

Sanctuary Advisors may recommend or select one or more Sub-Advisors for a particular client. See Item 4.D of the ADV Part 2A for additional information on Sanctuary Advisors' basis for recommending, selecting, and replacing Sub-Advisors. Sub-Advisors provide performance information and Sanctuary Advisors reviews such information.

Portfolio management services for the Wrap Program may be provided by Sanctuary Advisors and its IARs. Such arrangements create a potential conflict of interest because Sanctuary Advisors may receive

higher aggregate compensation if clients retain Sanctuary Advisors instead of unaffiliated investment advisers.

Please refer to additional information found in the following Items of ADV Part 2A, which accompanies this Wrap Brochure: Item 4 - Advisory Business; Item 6 - Performance-Based Fees and Side-By-Side Management; Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss; and Item 17 - Voting Client Securities.

## **6.A. Advisor as Portfolio Manager**

### **Advisor Directed**

In the Advisor Directed program, your IAR acts as portfolio manager and selects specific investments to implement an asset allocation model consistent with your investor profile, risk tolerance, and investment objectives. IARs acting as portfolio managers generally do not have documented performance histories against which to measure. Therefore, IARs of Sanctuary Advisors are not subject to the same selection and review process that we use for the other SMA and UMA programs.

### **SMA/UMA Programs**

SMA and UMA Managers selected for participation are subject to periodic review to determine if there are any material changes or disclosure events that would impact the quality of the Manager's performance.

Your IAR is responsible for the initial SMA/UMA Manager selection based on the information you provide at the inception of the account along with your investor profile information. Your IAR is responsible for monitoring the appropriateness of the selected Manager in light of any changes to your financial condition, risk tolerance and investment objectives reported by you.

## **6.B. Adviser Directed Conflicts of Interest**

In a wrap fee program, you pay one fee, regardless of the number of transactions. Sanctuary Advisors receives a portion of the fee that you pay and then pays transaction costs associated with the trades in your account out of that fee portion. As a result, fewer transactions mean less costs are taken out of the fee portion paid to Sanctuary Advisors. This creates a conflict of interest in that Sanctuary Advisors has an incentive to minimize the trading in your account which may not always be in your best interest.

## **6.C. Methods of Analysis, Investment Strategies and Risk of Loss**

### **Performance-based Fees**

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.

### **Types of Investments**

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 Options 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.

## **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.

## **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.

## **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.

## **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.

There are programs, such as our UMA Program, where the third-party money manager will exercise discretion in voting or otherwise act on all matters for which security holders vote, consent, or similar action is solicited by securities held by the Client. The Client reserves the right to revoke this authority at any time.

## **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 7: Client Information Provided to Portfolio Managers

Information regarding your financial situation, investment objectives, risk tolerance, time horizon and other relevant factors as described by you, is gathered prior to account opening and assists your IAR when recommending the most appropriate asset allocation model(s) and strategies for you. You should notify your IAR promptly when changes to your financial situation, investment objectives, or other personal information occur, so that your IAR can adjust the management of your portfolio, if necessary. You can impose reasonable restrictions on the management of the account.

## Item 8: Client Contact with Portfolio Managers

Clients can contact Sanctuary Advisors at any time. Where reasonably requested, Sanctuary Advisors will arrange communications with the client's portfolio managers. You should contact Sanctuary Advisors, an IAR, or a Sub-Adviser directly with any questions regarding your account. You should contact your IAR concerning changes in your investment objectives, risk tolerance, or requested restrictions placed on the management of your assets.

## Item 9: Additional Information

### Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of Sanctuary Advisors.

Sanctuary Advisors, LLC has no disciplinary event that 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 BrokerCheck at [www.finra.org](http://www.finra.org).

## Item 10: Other Financial Industry Activities and Affiliations

### ***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 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading below 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.

### ***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. While acting in the capacity of an insurance agent, IARs can sell annuities and insurance products and earn commissions or other revenue for such sales depending on the product and the licenses they carry. 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:

- **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.
- **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, because KLM 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.
- **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, LLC** provides services, solutions, and resources for IARs conducting business globally.
- **Sanctuary Global Family Office, LLC** advises on family office formation, needs assessment, and assessing governance and controls of the family office.
- **Sanctuary Insurance Solutions, LLC** provides IARs with wealth and succession plans for high-net worth clients.
- **tru Independence Asset Management, LLC** ("TIAM") is a SEC registered investment adviser based in Portland, Oregon which is wholly owned by Sanctuary Wealth Group, LLC ("Sanctuary Wealth"). The acquisition of TIAM by Sanctuary Wealth was completed on April 30, 2024. TIAM and Sanctuary Advisors, LLC are under common control of Sanctuary Wealth.

TIAM has been a registered investment adviser since 2013. TIAM offers discretionary and non-discretionary investment management and investment advisory services, as well as financial planning and consulting.
- **tru Independence Asset Management 2, LLC** ("TIAM2") is a SEC registered investment adviser based in Portland, Oregon which is wholly owned by Sanctuary Wealth Group, LLC ("Sanctuary Wealth"). The acquisition of TIAM2 by Sanctuary Wealth was completed on April 30, 2024. TIAM2

and Sanctuary Advisors, LLC are under common control of Sanctuary Wealth.

TIAM2 has been a registered investment adviser since 2020. TIAM2 offers discretionary and non-discretionary investment management and investment advisory services, as well as financial planning and consulting.

- **Two West Capital Advisors, LLC** is a separately owned SEC registered investment adviser based in Overland Park, KS that operates under the names Two West Advisors (TWA) and GoalPath. Sanctuary Wealth has a 5% 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.

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. Clients are under no obligation to purchase services recommended by Sanctuary Advisors or TWA associated persons or to purchase services through TWA.

Sanctuary Advisors may provide investment advisory services to its affiliates.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

### 11.A. Code of Ethics

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. Principal Trading**

Sanctuary Advisors does not engage in principal trading.

### **11.B.1. 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.B.2. Personal Trading**

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.

## **11.C. 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.

## **11.D. 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. Client referrals and other custodial compensation 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.

Sanctuary Advisors and IARs may also 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 in our ADV2A for more information.

### **11.E. 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. Event Sponsors may or may not be members of the Strategic Alliance Program described below.

### **11.F. Strategic Alliance Program**

Sanctuary Wealth receives compensation from certain product sponsors and unaffiliated investment advisors that sponsor, manage and/or promote the sale of certain products that are available to our clients. Product sponsors and third-party money managers (“Strategic Partners”) pay this compensation to Sanctuary Wealth in what we call our Strategic Alliance Program (the “Program”). The Program includes product partner tiers which differ in both the cost to participate and the benefits received.

Strategic Partners are provided with more opportunities than other non-Strategic Partner companies to market and educate our professionals on investments and the products they offer. The compensation arrangements vary and are generally structured as a fixed dollar amount. You do not pay more to purchase Strategic Partner products through Sanctuary Wealth than you would pay to purchase them elsewhere. In some instances, Sanctuary Wealth has negotiated more favorable pricing for products offered by its Strategic Partners. Additionally, revenue sharing payments are not paid to or directed to your IAR. Nevertheless, a conflict of interest exists, in that Sanctuary Wealth receives an economic benefit when you purchase products from its Strategic Partners. This conflict is mitigated by the fact that IARs do not receive any additional compensation for selling Strategic Partner products and are not required to recommend products offered by Strategic Partners.

We use the revenue from our Strategic Partners to support certain marketing, training, and educational initiatives, including our conferences and events. The conferences and training events provide a venue to communicate new products and services to our registered representatives and IARs, to offer training to them and their support staff, and to keep them abreast of regulatory requirements.

The benefits Strategic Partners receive may include but are not limited to:

- Information regarding the Sanctuary network of Partner Firms and training of sales personnel
- Promotion through our national conferences and regional road shows
- Comprehensive business mix intelligence on advisors and their sales growth
- Support from Sanctuary Investment Research

### **11.G. Other Cash and Non-Cash Compensation**

In addition to reimbursement of training and educational meeting costs, our IARs may receive promotional items of nominal value, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, third party money managers and other investment products, as permitted by regulatory rules.

## **11.H. 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.

## **11.I. 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.