

## **Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Sand Hill Global Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at: 650-854-9150, or by email at: [info@sandhillglobaladvisors.com](mailto:info@sandhillglobaladvisors.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.

Additional information about Sand Hill Global Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 16, 2015

## **Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Full Brochure Available**

If you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 650-854-9150 or by email at:  
[info@sandhillglobaladvisors.com](mailto:info@sandhillglobaladvisors.com).

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# Advisory Business

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## Firm Description

Palo Alto-based Sand Hill Global Advisors (“SHGA”), founded in 1982 provides Investment Management and Wealth Advisory services to high net worth individuals, families, trusts, not-for-profit organizations, pension and profit sharing plans, limited liability companies, partnerships, corporations, and business entities. The firm’s mission is to create financially secure and fulfilling futures for its clients. The firm acts as a fiduciary for its clients and takes that role very seriously, putting clients’ interests ahead of its own and ahead of the interests of its staff. SHGA’s goal is to address each client’s unique and individual needs and restrictions. In its business operations, the firm is committed to providing its services on a conflict-free basis. No compensation is paid to or by SHGA for referrals made or received, or for investments incorporated in portfolios. Our compact is to provide transparency with respect to all the work done for and with its clients. To the greatest extent possible, the firm’s interests are directly aligned with our clients’ interests.

SHGA is owned by nine internal shareholders as follows:

Jeffrey Abadie, Senior Wealth Manager

Anthony Craun, Director of Operations

Sara Craven, Senior Wealth Manager

Jane Creighton, Managing Director & Senior Wealth Manager

Brian Dombkowski, Chief Executive Officer & Chief Investment Officer

Stephen Peterson, Senior Wealth Manager

Brenda Vingiello, Co-Chief Investment Officer

Jane Williams, Chairman

Kimberleigh Williams, Senior Wealth Manager

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## Types of Advisory Services

SHGA provides (1) investment management services (2) financial planning and wealth advisory services, and (3) advisory services provided on an hourly fee basis to individuals and couples, and their advisors, navigating significant life transitions.

1. Investment Management Services: SHGA provides discretionary investment management services to its clients. Fees are charged based upon an annual percentage of assets under management as described below under “Fees and Compensation.”

On occasion, the firm is asked to supervise specific assets for clients on a non-discretionary basis. In these cases, though SHGA may be asked to provide advice to Client relative to these assets, Client is responsible for making the final decision to buy, sell or hold these particular investments and for requesting that SHGA take action, or not, on their behalf. These clients may pay a fee on these Non-discretionary Assets at an agreed level.

2. Financial Planning and Wealth Advisory Services: From the inception of a client relationship and going forward from that point, SHGA acts as a resource to its clients in articulating and managing their financial plans. Whether for individual, family, ERISA, or not-for-profit clients, the firm provides a variety of analytical and administrative services to produce financial statements, illuminate financial risks and challenges, evaluate risk tolerance, establish investment strategy, and initiate actions with estate and/or tax professionals also serving our clients. The goals of these services are focused on assuring that clients have a clear and attainable path to follow in pursuing their financial objectives, and that they carefully manage that path.

On more than an occasional basis, SHGA furnishes advice to clients on broad variety of financial topics, including but not limited to, taxation, estate planning, and insurance. SHGA is not a law firm and does not render legal advice. SHGA is not an accounting firm or tax preparer and does not render tax counsel. SHGA is not an insurance specialist and offers no insurance products. At the authorization of its clients SHGA will work with their legal, and tax professionals as well as insurance agents to facilitate information flow and coordinate work on these matters on behalf of its clients.

These financial planning and wealth advisory services are provided in conjunction with the Investment Management Services described under paragraph number one above and are covered by those fees as described.

3. Financial Planning and Wealth Advisory Services to clients in life transition: In addition to its ongoing investment management and wealth advisory services, SHGA provides planning and advice to clients navigating major life transitions. Such services include, but are not limited to, advice to individuals and couples going through divorce and include advice on property settlement, spousal and family support, and related matters. Fees for these services are billed at an hourly rate. Specific investment recommendations are not made as part of the financial plan and therefore a conflict of interest does not exist.

As of December 31, 2014, SHGA managed \$1.4 Billion of client assets on a discretionary basis and \$143 million of client assets on a non-discretionary basis.

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**Tailored Relationships**

Investment policy statements (IPS) are created to articulate the strategy to be employed for each client, reflecting personal or business circumstances, the purpose of the funds to be managed, risk tolerance derived from personal assessments and needs analysis, and the objectives of each client. Restrictions imposed by the client relative to investing in certain securities or types of securities are clearly articulated in that document. Once finalized, both strategy and restrictions are documented in SHGA's portfolio accounting and trading system to assure the firm accurately and consistently implements and manages each client's investment plan.

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**Types of Agreements**

The following agreements define the typical client relationships:

**Investment Consulting Services and Management Agreement**

SHGA and its Clients mutually enter into a contract which is entitled the Investment Consulting Services and Management Agreement. That agreement describes the terms on which SHGA provides services to its clients. It states that it is the Clients' responsibility to keep the firm informed of their initial and changing circumstances in order to assure the firm is able to effectively and appropriately manage their investments. Though the firm generally offers its investment management services on a discretionary basis, the Agreement provides that SHGA may manage all or certain securities or types of securities on a non-discretionary basis, as agreed between Client and SHGA. It is the firm's commitment to also provide ongoing, in-depth advice and planning services, as described above.

Contracts may be terminated in writing by either party to the Agreement with 30 days' notice.

**Hourly Planning Engagements**

At times, SHGA provides specialized financial planning and advisory services to clients who are navigating significant life transitions, primarily divorce, and expert witness services. SHGA provides these clients with an engagement letter which describes the arrangement. These services often include planning and analysis delivered to the Clients' legal advisors. These services are generally provided on an hourly basis, often subject to a prepaid retainer to which hourly charges are applied on a monthly basis during the engagement.

Investment Management Services are not offered as part of these engagements. If such services are required, an Investment Consulting Services and Management Agreement is put into place between Client and SHGA.

## Fees and Compensation

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SHGA's revenues derive exclusively from fees paid by its clients. Fees are charged quarterly for the Company's wealth management services, which incorporate financial planning, investment management, other financial advice and administrative services. Fees are calculated and charged at the beginning of each quarter based upon the fair market value of a client's net assets under SHGA's management at the end of the prior calendar quarter. The net value of assets under management is multiplied by the agreed annual percentage rate, and divided by 4. Payment of SHGA's management fees are deducted from each client's account on a quarterly basis by their custodian and paid directly to us, unless otherwise directed in writing by a client. The consent to deduct fees directly from a client's account is contained in the Investment Management Agreement the client enters into with SHGA. A statement of SHGA's fees charged is provided along with a portfolio analysis with each quarterly report.

The annual management fees are charged on a tiered scale from 1.00% - .25% of the total assets under management. The amount of the fee is negotiated with the client on a case by case basis, and is determined based upon a number of factors including the amount of work involved, the assets placed under management, and the attention needed to manage the account. When a client engages SHGA during a calendar quarter, fees for the company's services are prorated according to the number of days during the quarter for which services are rendered. Consistent with SHGA's commitment to transparency, current and prospective clients may request additional information regarding compensation paid to SHGA and all associated account fees. .

At times the Company provides planning and advisory services, including legal testimony as required, generally at a transition point in a client's life or under circumstances that preclude provision of investment management services. Hourly fees range from \$180 per hour to \$450 per hour. SHGA assesses an retainer of \$5,000 against which hourly costs are applied. SHGA reserves the right to alter this methodology in coordination with its client.

SHGA's minimum account size is \$2.5 million, though SHGA reserves the right to in their discretion waive that minimum asset level. SHGA may decline to manage accounts if it feels it is in the client's or its own best interests.

The Investment Management Agreement is an ongoing agreement with no specific contract term. Periodic adjustments may be required. A client may terminate an SHGA contract by giving thirty (30) days' written notice to establish a "termination date." Management fees will be calculated through the termination date and any unused portion of prepaid amounts will be returned to Client. The portfolio value at the end of the prior quarter is the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

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### Fee Billing

Investment management fees are billed quarterly, in advance, meaning that we invoice the client before the three-month billing period has begun. Clients may



elect to authorize SHGA to debit fees directly from a designated client account. On occasion, fees are not paid directly from Client's account but are invoiced. In such cases, invoices are due and payable in full upon receipt.

Fees for divorce-related hourly services are billed monthly via invoice and are due and payable upon receipt.

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**Other Fees**

Custodians may charge transaction fees on purchases or sales of securities, mutual funds and exchange-traded funds. Such fees are charged and paid at the time of the transaction and represent an additional expense to its Clients

Transaction charges are usually small and incidental to the purchase or sale of a security. Occasionally, for best execution purposes, SHGA may chose a broker different from the custodian, and that broker may charge commission to execute the trade. All such charges are borne by the client. SHGA is committed to achieving best execution and to minimizing trading and related costs. Please refer to Brokerage Practices for more information on SHGA's selection and review of brokers.

In some instances a portion of the client's portfolio may be managed by another advisor, in which case a separate management fee is charged by that manager.

In addition, certain custodians may charge custodial fees. Such fees are not the norm. At times bank custodians are selected because there is a particular need for trust administration or other services they offer.

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**Expense Ratios**

Some investments such as mutual funds, limited partnerships, and other vehicles are subject to management and other fees charged by the managers of such investments. Their fees are generally referred to as expense ratios. These fees are deducted directly from the mutual funds by the fund managers and are in addition to the fees Clients pay to Sand Hill Global Advisors. SHGA endeavors to minimize any such additional cost to its Clients. Further, SHGA receives no commissions or fees from any fund or investment manager it selects for inclusion in Client portfolios.

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**Past-Due Accounts and Termination of Agreement**

SHGA reserves the right to stop work on any account for which payment of fees is more than 60 days overdue. In addition, SHGA reserves the right to terminate any financial planning engagement where a client has knowingly withheld pertinent information which, in SHGA's judgment, hinders the firm's ability to provide reliable and appropriate financial advice. Any unused portion of fees collected in advance will be refunded within 60 days.

A client may terminate a SHGA investment management or consulting contract by giving us thirty (30) days' written notice to establish a "termination date." In such cases, the fees through the termination date will be charged to the client, with any unused portion returned. The portfolio value at the completion of the

prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

## Performance-Based Fees

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### Sharing of Capital Gains

SHGA **does not** charge “incentive based” management fees. These types of fee arrangements provide the investment management firms that charge them with incremental income when investment returns exceed certain thresholds.

SHGA **does not** use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for an adviser to invest Client funds more aggressively than appropriate in order to generate such fees.

## Types of Clients

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SHGA generally provides financial advice and investment management services to high net worth individuals, families, trusts, not-for-profit organizations, pension and profit sharing plans, limited liability companies, partnerships, corporations, and business entities.

Client relationships vary in scope, size and length of service.

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### Account Minimums

SHGA's minimum account size is \$2,500,000. That minimum can be waived at SHGA's discretion.

## Methods of Analysis, Investment Strategies and Risk of Loss

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### Methods of Analysis

Sand Hill Global Advisors is a strategic and tactical asset allocator. Our core philosophic beliefs are predicated on the well-established concept that asset allocation is the primary driver of long-term returns.

SHGA has a broad mandate to invest around the globe and across asset classes. The firm embraces an open-architecture, best-in-class approach to investing, which includes, but is not limited to, the use of both passive and active vehicles such as index funds, mutual funds, exchange-traded funds, limited partnerships and individual securities. This highly diversified allocation is combined with an active management of risk and a commitment to a low cost investment model as constructed for a client's portfolio. The investment

management team's approach is a combination of top-down and bottom-up analysis. We incorporate both quantitative and qualitative inputs to emphasize long-term strategic and shorter term tactical exposures throughout all parts of the portfolio.

The process begins with the monitoring of economic and corporate results around the world and assessing their possible influence on the outlook for global equity and bond markets. This continuous review and analysis of macroeconomic trends, company specific quarterly results and intra-quarter information, as well as technical and fundamental analyses are the basis of our research approach. Execution and reach are then optimized by employing both active and passive investments, matching the proper vehicles to intended objectives. Portfolios are regularly rebalanced based on relative performance, valuation and opportunity set.

We are committed to the fiduciary standard, independence and objectivity in our research and in the implementation of client portfolios.

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### **Investment Strategies**

Sand Hill Global Advisors manages a number of investment strategies across the risk-reward spectrum spanning from pure capital preservation to pure growth.

Following an extensive review of a Client's risk tolerance, investment objectives, time horizon and income requirements, an investment strategy deemed most optimal given the Client's specific parameters is selected and implemented. This strategic allocation is then actively managed for risk tactically through broad exposures (beta) as well as exposure to specific underlying holdings (alpha). These tactical ranges are determined by the Investment Committee, Sand Hill's internal governance committee of the Investment Team, and explicitly described in the Client's Investment Policy Statement (IPS).

Custom strategies are prevalent in our approach as well given unique account circumstances that exist throughout our client base.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. The investment approach constantly keeps the risk of loss in mind. Investors may face the following potential investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular

underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar tomorrow will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

This is not an exhaustive list of all risks clients may bear. There are risks that clients could face in addition to the ones identified, of which will be specific to each client and discussed with their Wealth Advisor.

## **Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## **Other Financial Industry Activities and Affiliations**

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None

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

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## **Code of Ethics**

SHGA has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended, which establishes standards of conduct for SHGA's for all employees also known as supervised persons. The Code of Ethics includes general requirements that SHGA's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires these firm members to request permission to enter personal securities transactions before doing so to assure such people do not buy or sell securities ahead of clients and to report their personal securities transactions and holdings quarterly to SHGA's Compliance Officer. It also requires the Chief Compliance Officer to review and verify those reports. These people are also required to report any violation of the Code of Ethics by themselves or others promptly to SHGA's Chief Compliance Officer. Each supervised person of SHGA receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of SHGA's Code of Ethics by contacting us at [info@shadv.com](mailto:info@shadv.com).

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## **Participation or Interest in Client Transactions**

Sand Hill Global Advisors and its employees may buy or sell securities that are also held by clients. This presents a potential conflict of interest. To govern such transactions, SHGA has adopted an employee personal securities policy and procedure that outlines the timing and conditions under which employees may buy or sell funds or securities when such funds or securities are also held or traded by clients. The employee trading policy and procedure is designed to ensure that clients are not disadvantaged in any way by the personal securities transactions of its employees.

Employees may not "trade on" any knowledge he or she may have regarding the potential market impact of transactions entered on behalf of clients.

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## **Personal Trading**

The Chief Compliance Officer of Sand Hill Global Advisors reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm are not disadvantaged. To mitigate this conflict with the Code, the following procedures are followed:

- A designated “Trading Blackout” period shall be instituted during periods when client account rebalancing occurs.
- This Blackout Period shall be instituted by the CEO, CCO or their designee via general announcement to all employees.
- During the Blackout Period, no employee personal trades from the firm’s restricted list shall be approved.

Requests for exception to this policy shall be submitted to the CCO (or the CEO in their absence). Unless approval for an exception is received from the CCO or CEO, no personal trades from the firm’s restricted list shall be authorized

## **Brokerage Practices**

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### **Selecting Brokerage Firms**

We generally recommend that clients utilize the brokerage and clearing services of an independent broker-dealer for investment management accounts. Financial institutions include, but are not limited to, any broker-dealers we recommend, broker-dealers directed by the client, trust companies, etc. (collectively referred to herein as the “Financial Institutions”).

When recommending a Financial Institution, we generally seek to obtain “best execution” for its clients in such a manner that the client’s total cost for or income from each transaction is the most favorable under the circumstances. In determining the best execution, we take into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (but are not limited to): (a) the execution capabilities of the Financial Institution; (b) market leadership, independence and reputation; (c) availability of investment research and tools that assist us in making investment decisions; (d) capability to execute, clear, and settle trades for your account; (e) ability to provide best execution and a market for thinly traded positions; (f) custodial and other services provided by such Financial Institutions that are expected to enhance our general portfolio management capabilities; (g) breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.), and (h) prior service to us and our other clients.

In addition, Financial Institutions may offer our clients access to mutual funds and other investments that are only available to institutional investors or would only be available to our clients with a higher minimum investment.

These Financial Institutions may offer us products and services such as software and other technology that assist us in managing and administering clients’ accounts. Examples include: (1) providing access to client account data (such as duplicate trade confirmations and account statements); (2) facilitating trade execution; (3) providing pricing and other market data; facilitating payment of management fees from our clients’ accounts; and (4) assisting with back-office functions, recordkeeping, and client reporting. Additionally, we may receive services to help manage and further develop our business. Financial Institutions may provide these services themselves or may arrange for third-parties to

provide the services. These services may include access to publications or complementary attendance at industry events; consulting on various topics such as information technology, compliance, strategic, legal and business needs; access to employee benefits providers, human capital consultants and business succession. Financial Institutions may discount or waive fees they would otherwise charge for some of these services or pay all or part of the fees for a third party providing these services to our firm. Financial Institutions may also provide other benefits such as educational events or occasional business entertainment for our employees.

As a result of receiving such services for no additional cost, SHGA may have an incentive to continue to use or expand the use of these Financial Institutions. SHGA examined this potential conflict of interest when it chose to enter in a relationship with a Financial Institution, and reviews the conflicts periodically as part of the decision to continue the relationship. We have determined that these relationships are in the best interests of our clients and satisfy our client obligations, including our duty to seek best execution.

SHGA recognizes that the analysis of trade order execution quality is imperative and involves a number of factors, both qualitative and quantitative. SHGA considers all of these factors in seeking to obtain the most favorable execution for our clients' trades. In some cases, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction, where SHGA determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although SHGA 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 SHGA will generally be used to service all of SHGA's 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.

The majority of SHGA's clients' assets are held in custody by Fidelity Investments (Fidelity) and Charles Schwab & Co. (Schwab) and the majority of the trading is executed at the custodian. SHGA is independently owned and has no affiliation with recommended and selected broker-dealers. Any conflicts of interests are addressed through disclosures above. Specific broker-dealer recommendations are made in the best interests of clients utilizing the factors and processes discussed. SHGA does not receive compensation from any of these arrangements.

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**Directed Brokerage**

A Client may direct SHGA to utilize a particular broker-dealer to execute some or all transactions for his/her account(s). In such circumstances, the client is responsible for negotiating the terms and arrangements for the account with that broker-dealer. SHGA may not effectively seek better execution services or be able to aggregate client transactions with orders for other accounts advised or managed by SHGA, except that it may seek to negotiate transaction fees. As a result, a Client may pay higher brokerage commissions and a different price than other clients based on account trading activity as defined by terms set by the directed broker-dealer.

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**Soft Dollars**

SHGA does not participate in soft dollar arrangements. As a result of our custodial relationships with Fidelity Investments and Charles Schwab, SHGA is provided services at reduced or no cost. These services help the firm improve its systems and directly benefit its clients, as well as SHGA.

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**Order Aggregation**

Where possible, SHGA will aggregate buy and sell orders for client accounts trading in the same security on the same day. By aggregating trades, SHGA is trying to improve the marketability and execution quality of the transaction for all clients involved. Once the aggregated trade is fully filled and executed, client accounts participating in the trade will receive the average price of all executed trades in the aggregated order. This ensures no client is more or less advantaged than any other participants in the order. If an aggregated order is partially filled at the close of the trading day, the order is allocated on a pro rata basis according to the original aggregated allocation. As noted above, clients who have directed that a particular brokerage firm handle transaction will not benefit from these aggregated transactions.

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**Trade Errors**

SHGA's policies and procedures generally provide that if SHGA makes an error while placing a trade for a client account, SHGA corrects the error as quickly as possible and bears all costs (if any) of correcting the error.

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**Review of Accounts**

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**Periodic Reviews**

Core portfolio holdings are monitored and reviewed continuously. Client accounts are reviewed no less than quarterly by the members of the Investment Management and Wealth Advisory teams. At least annually, each Wealth Manager meets with his/her clients to review the investment policy statement to insure that there has not been a change in the client's account circumstances, financial condition, risk profile, or investment objections that would warrant a change in the investment strategy.



On at least a semi-annual basis, the CCO reviews each client's portfolio for adherence to that client's investment policy statement.

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**Review Triggers**

Changes in the client's situation, such as a change in financial condition, risk profile, or investment objectives, as well as the incapacity or death of the client trigger immediate review. In addition, there are other triggers for review including significant market movements, new investment information, and changes in the regulatory and tax laws.

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**Regular Reports**

SHGA provides Investment Management clients with quarterly reports either in written or electronic form. These quarterly reports show the performance of the accounts, the starting and ending values for the quarter, as well as a detailed account appraisal as of the last trading day of the quarter.

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**Client Referrals and Other Compensation**

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**Incoming Referrals**

SHGA has been fortunate to receive many client referrals over the years. The referrals generally come from current clients, estate planning attorneys, family law attorneys, accountants, employees, personal friends of employees and other similar sources. SHGA does not compensate referring parties for these referrals.

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**Referrals Out**

SHGA may on occasion refer a client to an outside professional, such as an attorney, accountant, mortgage broker, commercial bank, or other investment manager. SHGA does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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**Custody**

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**Account Statements**

Clients receive at least quarterly statements from the custodian that holds their investment assets. SHGA urges clients to promptly and carefully review these statements. SHGA statements may differ from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

While SHGA does not provide custody services as a standard client offering, it may, under certain circumstances, assume custody of client assets. In the instances where SHGA is deemed to have custody, the firm is subject to an annual surprise custody examination on such client relationships by an independent third party public accountant that is registered with the PCAOB. SHGA has established additional controls to safeguard the assets of these client accounts.

## Investment Discretion

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### Discretionary Authority for Trading

SHGA accepts discretionary authority to manage securities accounts on behalf of clients. SHGA has the authority to determine, without obtaining specific client consent, the amount and specific investments to be bought or sold on behalf of its clients. For best execution purposes, SHGA also has the discretion to execute trades away from the custodian which can result in additional commissions charged to the client's account.

The client approves the custodian to be used by signing their new account or new advisor form. SHGA does not receive any portion of the transaction fees or commissions paid by the client to the custodian and/or brokers.

Discretionary trading authority allows SHGA to promptly and efficiently implement the investment policy that Client has approved in writing. Clients may impose restrictions or limitations as discussed under advisory services.

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### Limited Power of Attorney

A limited power of attorney is a trading authorization which allows SHGA to execute trades on the client's behalf. Investment Management clients sign a limited power of attorney for that purpose.

## Voting Client Securities

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### Proxy Votes

SHGA, through Broadridge's ("BR") Proxy Edge, votes proxies on behalf of each client account over which SHGA has proxy voting authority, based on SHGA's determination of the best economic interests of that account. SHGA has retained BR to provide research and recommendations on proxy voting issues and to vote proxies for each account. Proxy Voting Guidelines are available upon request. A record of how proxy votes were cast on your behalf is available upon request.

Under normal circumstance, SHGA will vote proxies in accordance with its proxy voting policy. If SHGA is specifically made aware of a conflict whereby a Client disagrees with its proxy voting policy in general or as to a particular security, SHGA will endeavor to resolve that conflict by offering the rationale for the policy approach as well as requesting an additional recommendation from BR and will ask Client to consent to SHGA's intended response. If the client consents to that intended response or fails to respond to the notice within a reasonable time, SHGA will vote the proxy as described in the notice. If the client objects to SHGA's intended response, SHGA will vote the proxy as directed by the client.

In instances where clients choose to vote their own proxies, the custodian will forward all proxy materials to client directly.

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**Class Actions**

SHGA has engaged a third party, Chicago Clearing, to process all class action lawsuits on behalf of our clients. Chicago Clearing will be paid 20% of the settlement proceeds for their services and issue checks directly to our client. A record of how the class action lawsuit was settled is available upon request.

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**Financial Information**

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**Financial Condition**

SHGA does not have any financial impairment that would preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided herein because SHGA does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

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**Additional Information**

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**Business Continuity Plan**

SHGA has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. The plan is tested regularly to ensure SHGA is prepared in the event of a disaster

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**Information Security Program**

At Sand Hill Global Advisors, protecting the privacy and confidentiality of clients' personal information is important to the entire firm. SHGA values client business and the trust put in Sand Hill Global Advisors. To provide the financial products and services clients' seek, SHGA collects, maintains and uses client information on a routine basis. To help clients better understand how their personal information is protected, SHGA provides the following statement describing the firm's practices and policies with respect to the privacy of customer information. In the event the client relationship is terminated or becomes inactive, SHGA will continue to adhere to the policies and practices described in this notice.

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**Sand Hill Global Advisors' Privacy Notice****Information Collected**

As a trusted investment advisor, SHGA collects, retains and uses nonpublic personal information about individual clients to provide products and services to them. The firm may collect nonpublic personal information from such sources as:

- Applications or other forms;

- Information about client transactions with Sand Hill Global Advisors or others.

### **Who Receives Information and Why**

Most of the information Sand Hill Global Advisors collects is used for only one purpose: to easily and efficiently deliver the services clients requested. It may also permit SHGA to design and offer specific products that will be useful to clients. SHGA does not disclose any non-public personal information about clients or former clients to anyone, except as permitted by law.

### **Service Providers**

At times, SHGA will enter into arrangements with companies or firms whose expertise is essential for the firm's own services to function properly or to complete transactions. For example, SHGA works with custodians that generate account statements for client accounts. As permitted by law, Sand Hill Global Advisors discloses to these service providers customer information that is necessary to perform these functions.

SHGA service providers are required to safeguard client information and use it only for authorized purposes.

### **How Sand Hill Global Advisors Protects Client Information**

SHGA understands that the protection of client nonpublic personal information is of the utmost importance. Guarding client privacy is the firm's obligation. Sand Hill Global Advisors maintains strict procedures and policies to safeguard client privacy. SHGA restricts employee access to client information to only those who have a business reason to know such information, and the firm educates employees about the importance of confidentiality and client privacy.

### **Learn More**

For questions about Sand Hill's privacy program or for more detail on how client information is maintained and used, please call 650-854-9150, or write:

Compliance Department  
Sand Hill Global Advisors  
245 Lytton Avenue, Suite 300  
Palo Alto, CA 94301