

**Argentus Capital Management, LLC  
a/k/a**

**Summit Advisor Solutions  
Wrap Fee Program Brochure  
March 30, 2015**

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This brochure provides information about the qualifications and business practices of Argentus Capital Management a/k/a Summit Advisor Solutions ("SAS"). If you have any questions about the content of this brochure, please contact us at the phone number above. Summit Advisor Solutions is registered with the United States Securities and Exchange Commission ("SEC") as an Investment Adviser; however, such registration is not intended to imply a certain level of skill or training. This Brochure has not been approved by the SEC or by any state securities body or regulatory authority.

Additional information about Summit Advisor Solutions is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 2 – SUMMARY OF MATERIAL CHANGES FROM JULY 30<sup>TH</sup>, 2014 BROCHURE**

Effective March 30<sup>th</sup>, 2014, Argentus Capital Management a/k/a Summit Advisor Solutions (“SAS”) has updated this Brochure to reflect changes to its business operations.

We are pleased to update you on the latest news from Argentus Advisors and Argentus Capital Management. As we announced back in June of last year, Argentus’ parent company, Argentus Partners has merged interests with SCA Holdings of Gig Harbor, Washington effective July 1, 2014.

SCA Holdings is 100% owner and parent company to SCA, LLC, an SEC registered investment advisory firm. SCA Holdings is also a 75% owner of Argentus Partners, LLC, which in turn owns 100% of Argentus Advisors and Argentus Capital Management. SCA had been seeking a state of the art technology platform for its advisory business. Beginning July 1, 2014 SCA began the merging of all its current and future advisory relationships onto the Argentus Capital Management platform. In addition to placing assets on the Argentus Capital Management platform, SCA will be providing shared personnel in the areas of trading and operations. The net effect of this transaction has been very positive for Argentus Partners, resulting in more portfolio assets, more revenue, and more personnel.

In light of these changes, we have decided to rebrand Argentus Capital Management to a name we feel is more conducive and descriptive of the services offered. Beginning April 1, 2015, Argentus Capital Management will be known as Summit Advisor Solutions. Summit Advisor Solutions will focus on providing a Money Manager platform to third party Enterprise Investment Advisors. The new company will also employ new leadership, naming Timothy Feehan as the firm’s new CEO. Argentus Advisors’ name will not change. Management for Argentus Advisors will roll up to the Managing Members of its parent company, Argentus Partners, LLC. This will allow Argentus Advisors to focus its efforts on supporting its team of financial advisors and delivering quality advisory services to its retail clients.

Additionally, SCA, LLC, along with its proprietary portfolio management services will be brought under the umbrella of Summit Advisor Solutions and will no longer operate as a separately registered entity. Summit Advisor Solutions will begin offering SCA’s portfolio management services on its platform and will make those services available to its investment advisory enterprise clients. This transition of SCA’s business and its clients is expected to occur before the end of 2015. For more detailed information regarding the advisory services provided by SCA and soon to be provided by Summit Advisor Solutions, please request the most current copy of SCA’s and/or Summit Advisor Solutions’ disclosure brochures by following the instructions below.

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## **ITEM 4 - SERVICES, FEES AND COMPENSATION**

### **I. WRAP FEE PROGRAM ACCOUNTS**

A Wrap Fee Program is an investment advisory program in which you pay one fee for both the investment advisory services and the transaction costs in your account. Summit Advisor Solutions (“SAS”) offers its various advisory programs as either a traditional, non-wrap fee program or as a wrap fee program. Depending on the underlying investments in your Wrap Fee Program account and how much trading you expect to do, you may pay more for a Wrap Fee Program account than if you chose an advisory program that does not have a “wrap fee” offering, or if you chose to pay separately for all of your transaction costs (e.g. – pay the advisory fee plus all transaction commissions separately). Similarly, your Financial Advisor may receive more or less compensation on your wrap fee program depending on the same circumstances. This difference in compensation may present a conflict of interest that you should be aware of and that you should discuss with your Financial Advisor.

Bear in mind, you can purchase services similar to those offered in SAS’s Wrap Fee Program separately from unaffiliated financial service providers. Wrap Fee Programs may cost you more or less than purchasing the services from another investment adviser. Some factors to consider, other than the Wrap Fee itself, when comparing investment advisers include: (i) Account maintenance and custodial fees; (ii) Account special handling fees, such as wire funds fees; (iii) Volume of trading activity anticipated in your account; (iv) Commissions to be charged in lieu of a wrap fee; and, (v) Account termination, statement and confirmation fees. You should review all the costs for each of the management services separately (and mutual fund fees and expenses when applicable) when analyzing the cost of SAS’s Wrap Fee Program.

Your Financial Advisor will work with you to recommend whether you should utilize a Wrap Fee Program or not, based on your individual circumstance and anticipated trading activity. Please discuss with your Financial Advisor all fees and costs associated with your Wrap Fee Program account. For further information regarding SAS’s “non-wrapped” Programs, please request a copy of SAS’s ADV2A Disclosure brochure from your Financial Advisor.

### **II. ADVISORY BUSINESS**

Summit Advisor Solutions (“SAS”) is registered with the Securities and Exchange Commission (SEC) as an Investment Adviser under the Investment Advisers Act of 1940, with its principal place of business at 14785 Preston Road, Ste 1000, Dallas, Texas. SAS began conducting business in November of 2001, and the firm is a wholly owned subsidiary of Argentus Partners, LLC. SAS has an affiliated sister company, Argentus Advisors, LLC which is also an SEC registered investment adviser. Argentus Advisors provides investment management services to the public through its registered investment adviser representatives. It should also be noted that SCA Holdings, LLC owns a majority interest in Argentus Partner, hence a majority interest in SAS. SCA Holdings also owns Strategic Capital Alternatives, LLC, which is another SEC registered investment advisory firm. More information can be obtained about Argentus Advisors, LLC, and Strategic Capital Alternatives, LLC, by visiting the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

#### **Platform Services – Advisory Model**

SAS’s main investment advisory business is to provide advisory, sub-advisory and back-office support to other investment advisory firms, including Argentus Advisors (“RIAs”). SAS has developed an advisory platform in which Third-Party Money Managers (“TPMMs”) are made available to other appropriately registered RIAs. These RIAs then avail their clients to the TPMMs on the platform and/or offer Advisor Directed services in which the firm’s Financial Advisors work individually with their client. SAS’s

affiliated firm, Argentus Advisors, LLC also utilizes this platform. SAS will act as a TPMM on the platform as well (see “Managed Portfolios” below).

The RIA’s investment advisory services are tailored to the individual needs of its clients. RIA clients participating in the program grant discretionary trading authority to SAS either through the RIA’s client agreement or through SAS’s proprietary client agreement. This discretion allows SAS to hire and fire TPMMs as it deems necessary. Client accounts are managed in such a manner that is consistent with their risk tolerance and investment objective information provided by clients.

As part of its services, SAS may also be responsible for account administration, fee billing, and performance reporting, and has developed internet-based software which provides the RIAs with the capability of directly monitoring their client accounts, downloading information concerning changes in the program and accessing current information related to the program. SAS does not maintain custody of client’s assets, rather, the assets are held at a qualified custodian such as, but not limited to, Charles Schwab or TD Ameritrade.

Based upon financial and other investment information specific to and provided by each individual client, SAS and/or the RIA may propose a portfolio of TPMMs to manage the client’s assets. The portfolio of TPMMs is intended to combine multiple asset strategies into a single portfolio within one account. When creating a proposal for a client, if an instance arises whereby a TPMM’s minimum investment amount is greater than the client’s available funds to meet that particular TPMM’s intended asset strategy, SAS may recommend and/or make available Exchange Traded Funds (“ETFs”) or open-ended mutual funds that are approved by SAS as alternatives for those TPMMs. SAS or the RIA may select available TPMMs and/or ETFs and mutual funds to build an initial portfolio.

The RIA’s Financial Advisor provides the specific advice concerning the selection of TPMMs, ETFs or mutual funds that SAS makes available on the platform. In the case where SAS’s client agreement is utilized, introducing RIAs are responsible for ensuring that their Financial Advisors provide regular and ongoing contact with clients, allowing client’s the opportunity to update any changes to their financial or personal profiles and/or inform SAS of any restrictions they may wish to propose regarding the management of their account. SAS reserves the right to cancel services if it is not able to accommodate the restrictions requested by a client.

TPMMs are selected after being evaluated by SAS’s due diligence process. SAS reserves the right to add or remove TPMMs from the platform at its sole discretion. TPMMs acting in a “portfolio strategists” capacity on the platform will provide trade signals to SAS for SAS to facilitate the trades in the client’s account. TPMMs acting in a “portfolio manager’s” capacity actually exercise trading authority for a client’s account as a separately managed account (“SMA”).

In addition to the selected TPMMs, SAS has created investment portfolios within four proprietary strategies. The four proprietary strategies are: SAS Tactical ETF Portfolios, SAS Strategic ETF Portfolios, SAS Adaptive Portfolios and SAS Fusion Portfolios. Where appropriate, a portion of the assets within a client’s account may be invested in these proprietary strategies in conjunction with the recommended TPMMs. Since SAS serves as the investment advisor to these strategies, the amount of fees that SAS receives may be greater than if these strategies were not included in the client’s account. This presents a conflict of interest which SAS mitigates by providing level compensation to the RIA and by providing this disclosure brochure to all clients participating in the program.

#### **Platform Services – Service Only Model**

SAS also offers its platform services as a “service only” model as well. In this line of business, RIAs will hire SAS to perform back-office support and to grant the RIAs access to SAS’s proprietary platform.

TPMM's made available under these arrangements are vetted by the RIA firm's themselves and SAS does not conduct its regular due diligence process when adding such TPMMs under these arrangements. Some RIA's engage SAS for both Advisory and Service Only services.

## **Managed Portfolios**

### *SAS Tactical ETF Portfolios*

The SAS Tactical ETF Portfolios are offered in seven different strategies including four core strategies ranging from Very Aggressive to Conservative. Additionally, three category strategies are also available: High Income, International Equity, and Commodities. Each portfolio is designed to achieve certain investment objectives which are fully disclosed to clients through the preparation of an investment proposal. For example, clients desiring pure capital appreciation may be suited for the 100% equity-allocated Very Aggressive or International portfolios. Alternatively, clients who need income may choose the High Income portfolio. SAS offers four multi-asset portfolios that include fixed income and equities which benefit from asset class diversification. The portfolios are actively traded at SAS's discretion pursuant to a tactical strategy based on a series of macroeconomic, fundamental, risk and technical variables with the aim of adjusting asset class exposures opportunistically with market movements.

### *SAS Strategic ETF Portfolios*

The SAS Strategic ETF Portfolios are managed primarily using exchange traded funds ("ETFs"). The portfolios are not actively managed, but seek to track performance of various indices. Each portfolio is re-balanced on an annual basis and may be re-allocated, if necessary. There are five different strategies ranging from Very Aggressive to Very Conservative. ETF allocations are intended to track their underlying equity, fixed income, and commodity indices. SAS utilizes its discretion in determining the portfolio holdings based upon macroeconomic and fundamental variables, among others.

### *SAS Adaptive Portfolios*

The SAS Adaptive Portfolios are comprised exclusively of multiple tactically-oriented sub-advisors. The program offers four unique portfolios available to match distinct investor risk profiles: Dynamic Alpha, Dynamic Growth, Dynamic Core, and Dynamic Income. SAS has carefully evaluated the core philosophies and portfolio processes of each underlying sub-advisor in order to provide a complementary combination of money management styles for clients seeking additional levels of diversification against traditional stock and bond market exposure. The sub-advisors in the four different strategies bring their own unique and independent decision-making process to the portfolios which allows for a well-diversified allocation that seeks to offer lower portfolio volatility and more stringent investment capital risk controls. The SAS Adaptive Portfolio strategies are designed to manage market exposures across multiple asset class categories via ETF's and mutual funds. The trading that occurs within the portfolios is determined by the sub-advisors and may utilize inverse index ETF instruments during perceived periods of acute risk as well as modest utilization of leveraged index ETF instruments during perceived periods of heightened reward. SAS is responsible for the selection of the sub-advisors to be included in a given portfolio and the weighting of those sub-advisors.

### *SAS Fusion Portfolios*

The SAS Fusion Portfolios are comprised of a combination of both strategic and tactically-oriented sub-advisory strategies. The program offers four unique portfolios available to match distinct investor risk profiles: Opportunistic Growth, Defensive Growth, Growth & Income, and Conservative Growth. SAS has carefully evaluated the core philosophies and portfolio processes of each underlying sub-advisor in order to provide a complementary combination of money management styles for clients seeking

additional levels of diversification against traditional stock and bond market exposure. The sub-advisors in the four different strategies bring their own unique and independent decision-making process to the portfolios which allows for a well-diversified allocation that seeks to offer lower portfolio volatility and more stringent investment capital risk controls. The SAS Fusion Portfolio strategies are designed to manage market exposures across multiple asset class categories via individual equities, ETF's and mutual funds. The trading that occurs within the portfolios is determined by the sub-advisors and modest utilization of leveraged index ETF instruments may be employed. SAS is responsible for the selection of the sub-advisors to be included in a given portfolio and the weighting of those sub-advisor allocations.

### **SCA Model Portfolio Management Services**

Under the banner Strategic Capital Alternatives, or "SCA" SAS offers the SCA Model Portfolio Management services. SAS develops model portfolios that are primarily marketed and offered to the RIA firms as a TPMM on the SAS investment advisory platform. These model portfolios are typically wrap fee programs. The SCA Model Portfolios are created and managed according to investment objectives of the particular model and are not tailored to the specific needs, investment objectives, risk tolerances, or preferences of any particular RIA firm client. Ongoing monitoring and supervision of the SCA Model Portfolios are the responsibility of SAS. For SCA Model Portfolio Management services that are in wrap fee programs, SAS is compensated for its services by receiving a portion of the wrap fee charged to the end client.

The SCA Model Portfolio Management Strategies will employ the use of Alternative investments. Alternative investments include, among other things, investments in limited partnerships, REITs, hedge funds, leasing agreements and managed futures. Some of these investments are managed by SAS's affiliated investment advisers such as, but not limited to, Genesis Capital LLC: the Granite Harbor Tactical Fund (GHTFX), Granite Harbor Alternative Fund (GHAFX), and Anchor Alternative Income Investor Fund (AAIFX). Because of the affiliation between SAS and some of these funds, SAS has an inherent incentive to utilize these funds, which creates a conflict of interest.

There are seven (7) SCA Model Portfolio Management strategies offered on the SAS Platform. Those strategies are; Preservation, Optimal Balanced, Moderate Growth, Opportunistic Growth, SCA Equity/Concentrated Equity, SCA Custom UMA, and Fixed Income Separate Account.

#### **Preservation Strategy**

The primary objective of the Preservation Strategy is to preserve capital and produce a return that is greater than the risk free rate of returns after fees. The Preservation Strategy uses a 3-Dimensional asset allocation strategy as opposed to the traditional asset allocation between stocks and bonds. By adding non-correlated asset classes (alternatives) in a meaningful way, the Preservation Strategy attempts to reduce the volatility associated with traditional stock and bond asset allocations.

#### **Optimal Balanced Strategy**

The primary objective of the Optimal Balanced Strategy is to produce the optimal risk adjusted rate of return when compared to a traditional balanced allocation. The Optimal Balanced Strategy uses a 3-Dimensional Asset Allocation Strategy as opposed to the traditional asset allocation between stocks and bonds. By adding non-correlated asset classes (alternatives) in a meaningful way, the Optimal Balanced Strategy attempts to reduce the volatility associated with traditional stock and bond asset allocations.

#### **Moderate Growth Strategy**

The Primary objective of the Moderate Growth Strategy is to produce moderate equity returns with reduced volatility. The Moderate Growth Strategy uses a 3-Dimensional Asset Allocation Strategy as opposed to the traditional asset allocation between stocks and bonds. By adding non-correlated asset



classes (alternatives) in a meaningful way, the Moderate Growth Strategy attempts to reduce the volatility associated with traditional stock and bond asset allocations

#### Opportunistic Growth Strategy

The Primary objective of the Opportunistic Growth Strategy is to produce moderate equity returns with less volatility when compared to traditional equity markets. The Opportunistic Growth Strategy uses a 3-Dimensional Asset Allocation Strategy as opposed to the traditional asset allocation between stocks and bonds. By adding non-correlated asset classes (alternatives) in a meaningful way, the Opportunistic Growth Strategy attempts to reduce the volatility associated with traditional stock and bond asset allocations.

#### SCA Equity/Concentrated Equity Strategy

The Concentrated Equity Strategy seeks to capture long-term capital growth by utilizing a concentrated portfolio of equities that aim to generate above benchmark return. Sub-advisers are hired to provide a high conviction list pursuant to its custom mandate. As a result, clients benefit from a portfolio that leverages the combined wisdom of numerous money managers.

#### SCA Custom UMA Strategy

The primary objective of the Custom Strategy is to produce a more optimal risk adjusted rate of return than traditional stock and bond allocations. the Custom Strategy uses a 3-Dimensional Asset Allocation Strategy designed to meet the unique needs of each client.

#### Fixed Income Separate Account Strategy

This custom bond portfolio follows a core/satellite approach. The foundation of the portfolios are individual bonds. The portfolios of bonds are then diversified with opportunistic fixed income to address the current risks of the bond market.

### **Advised Mutual Funds**

SAS provides advisory services to several mutual funds that could be recommended by an RIA or one of its Financial Advisors. Currently, those mutual funds are:

GVTIX & GVTAX – NLFT III Tactical Asset Allocation Fund;  
NFMXX, NFMXX & NFMXX – Newfound Multi-Asset Income Fund  
NFBXX, NFBXX & NFBXX – Newfound Total Return Fund  
NFGIX & NFGAX – NLFT III Newfound Risk Mgd Global Fund; and,  
PWRXX & PWRAX – NLFT Power Income Funds

Additionally, the Power Income Model Portfolio utilizes the NLFT Power Income Fund(s).

While RIA does not receive any additional compensation when such funds or models are included in the client's portfolio, Argentus Capital Management does receive fees from the funds for the services it provides. This creates a conflict of interest when such funds are recommended and/or included in the client's managed account(s). Argentus Capital Management mitigates this risk by keeping compensation to the RIA neutral and by providing this disclosure to you in its disclosure brochure.

### **Argentus Advisors' Financial Advisor as Portfolio Manager**

Some of SAS's affiliate, Argentus Advisors' Financial Advisors offer their own Portfolio Management Services. Such services may have their own asset management fee schedule and maximum fee charges.



### Spring Capital – ADEPT Strategy

The Spring Capital ADEPT Strategy Model utilizes a strategy known as the Advancing Dividend Equity Portfolio Theory. This is a total return strategy based on the assumption that a large percentage of long-term total market returns are attributed to dividends. The strategy focuses on companies that not only have a long dividend history, but also have a history of increasing dividends on a regular basis. Guided by metrics such as a strong balance sheet, good products, sound management, and limiting exposure to high yield stocks, the model manager selects the companies that look to continue past trends. The portfolio seeks companies it believes displays relative value and good growth characteristics. Investment opportunities are not limited by market capitalization, industry sector or geographic location.

### **Solicitors**

SAS may, from time to time, utilize solicitors to introduce potential clients to its services. Solicitors are typically registered as investment advisers with either the SEC or the appropriate state authority and may provide some level of advice such as suitability and/or risk tolerance assessment. A solicitor is not involved in the actual asset management of the client's account. Solicitors share in the advisory fees paid by the client, however, the client is not paying any more for advisory services than he or she would if there were no solicitor involved. Solicitors are required to provide clients with a Solicitors Disclosure Statement, which elaborates on the solicitor's role and the relationship between the solicitor and SAS.

### **III. FEES AND COMPENSATION**

This section is intended to assist you in understanding the costs associated with SAS's investment advisory offerings. You should read this section carefully and also refer to your investment advisory agreement for a full description of the amount, terms, and calculation of the advisory fee applicable to your selected advisory service, as well as, information concerning ticket charges, refunds and contract termination. The fees and costs may be more or less than if you purchased a portfolio of similar investments through a brokerage arrangement or similar services through another investment adviser. It is important that you evaluate the services received in light of the fees and costs. SAS reserves the right to negotiate fees, which may take into consideration, among other things, elements like size of account and the complexity of services. Be sure to ask your RIA firm's Financial Advisor about the advisory program(s) considered by you and what other costs you may incur.

You should be aware that you may incur additional fees assessed by your custodian or by the individual investments within your account. Custodians charge their own transaction and administration fees. Depending on whether you are participating in a Wrap Fee Program or not, some custodial fees may be included in your advisory fee, however, not all fees would be included. You want to refer to your advisory agreement, as well as your custodial agreement(s) when you open your account to help you understand what fees you may be subject to. Additionally, some investment product sponsors such as mutual funds and UIT's assess their own management fees. Such fees are in addition to the advisory fees you pay. You should consult with your RIA's Financial Advisor and discuss all the fees applicable to your account and investment selections before making any investment or buying decisions.

### **Annual Program Fee**

For accounts on the platform, SAS charges an "Annual Program Fee." SAS retains a portion of the Annual Program Fee as compensation for providing and administering the advisory platform and maintaining the relationships with the Third-Party Money Managers made available on the platform. Depending on who your advisory contract is with, SAS may charge the Annual Program Fee directly or may assess the Annual Program Fee as an agent for in introducing RIA firm, in which case, the RIA firm

may share a portion of the Annual Program fee with SAS. This compensation for the RIA firm could incentivize the RIA firm to offer SAS's advisory platform over its other offerings, presenting a potential conflict of interest. SAS encourages you to read the introducing RIA firm's disclosure brochure carefully before making any investment decisions.

The Annual Program Fee may include custodial transaction charges if you are in a Wrap Fee Program account, however, the Annual Program fee does not cover any margin interest, national securities exchange fees, charges for transactions not executed through the custodian, costs associated with exchanging currencies, fees and expenses charged by mutual funds or any investment company in which the assets may be invested, wire transfer fees or other fees. You should also understand that markups, markdowns and spreads charged by a dealer unaffiliated with the custodian may be included in the price of certain transactions executed on your behalf. On occasion and depending on what TPMM services are subscribed to, trades in your account (including Wrap Fee Program accounts) may be executed on a "stepped-out" basis. This means the RIA firm or its agent stepped away from your established account custodian and purchased or sold an investment at another broker/dealer. This may be done for several reasons. For example, the particular investment was not available through your account custodian. The costs for such "stepped-out" trades are incurred by you, in addition to any other fees you are subject to.

A portion of the Annual Program Fee is paid to the Third-Party Money Managers as compensation based on the assets invested in their respective Models. The Annual Program Fee is negotiable and can range from .10% to 1.50%, annually, and may differ from client to client based upon a number of factors. The introducing RIA firm's fee (or Financial Advisor's Fee as it is often referred to) is in addition to the Annual Program Fee. SAS does not allow the total advisory fee (Program Fee plus the introducing RIA's fee/ or Financial Advisor's Fee) to exceed 2.99% annually. In the case of the Spring Capital – ADEPT Strategy, the total advisory fee will not exceed 1.50% annually.

*Third-Party Money Managers and the Annual Program Fee* – Each Third-Party Money Manager has their own fee for services which is incorporated into the Annual Program Fee. As a result, the Annual Program Fee will vary, depending on the Third-Party Money Manager(s) selected.

### **SCA Model Portfolio Management Services**

The SAS Model Portfolio Management services are offered on the SAS Platform along with the other Third-Party Money Managers. As with the Third-Party Money Managers, fees for these services are included in Annual Program Fee, described above. All fees are negotiable

- The Program Fee for the following strategies will not exceed 0.90%: Preservation Strategy
- Optimal Balanced Strategy
- Moderate Growth Strategy
- Opportunistic Growth Strategy
- SCA Equity/Concentrated Equity Strategy
- SCA Custom UMA Strategy

The Program Fee for the Fixed Income Separate Account Strategy will not exceed 0.50%.

### **Introducing RIA Fee/Financial Advisor's Fee**

In addition to the Annual Program Fee, you are assessed a Financial Advisor's Fee. This represents compensation provided to your introducing RIA firm, a portion of which is shared with your Financial Advisor.

## Fee Calculations

As mentioned above, each Third-Party Money Manager may have a different Annual Program Fee, which will apply to the value of the assets being managed under that particular Third-Party Money Manager's strategy. Due to the fact that the value of the assets managed fluctuates from period to period and, in addition, the Annual Program Fee for each Third-Party Money Manager may be different, the Total Portfolio Management Fee will fluctuate from period to period. This is a function of the fact that different sleeves of your portfolio may employ different managers with differing fees. The percentage you pay for the services of each individual Third-Party Money Manager or your Financial Advisor does not change.

As an advisory platform, SAS provides services to a multitude of RIA firms. Each firm may have their own method for calculating advisory fees. Described below are the current methods in which advisory fees are calculated. For information on exactly how your advisory fees are calculated, please refer to your investment advisory agreement, which you would have entered into when you signed up for advisory services.

*Billed in Advance Quarterly using Average Daily Value* – The investment advisory fee is assessed quarterly in advance of services being rendered and will be based on the average daily value of the assets being managed over the previous calendar quarter. The initial Fee is based on the value of the assets deposited at the time services begin. Other than the initial deposit, additional deposit or withdrawal adjustments are accounted for at the beginning of the next calendar quarter based on the average daily value of the managed assets for the prior period. If you should terminate advisory services, any unearned fees collected in advance will be credited back to your account promptly. Argentus Advisors may not pro-rate deposits or withdrawals that are *de minimis*.

*Billed in Advance Monthly using Average Daily Value* – This fee calculation is identical to "Billed in Advance Quarterly using Average Daily Balance," however, the time period is each calendar month instead of each calendar quarter.

*Billed in Advance Quarterly using End of Period Value* – The investment advisory fee is billed quarterly, in advance of services being rendered, and is based on the value of the assets being managed as of the last business day of the calendar quarter (end of period). The initial fee is based on the value of the assets deposited at the time services begin multiplied by the number of days remaining in the calendar quarter. Interim deposits and withdrawals that are not deemed *de-minimis* are handled the same way. SAS may not pro-rate deposits or withdrawals that are *de minimis*. If you should terminate advisory services, any unearned fees collected in advance will be credited back to your account promptly.

*Billed in Advance Monthly using End of Period Value* – This fee calculation is identical to "Billed in Advance Quarterly using End of Period Value," however, the time period is each calendar month instead of each calendar quarter.

*Billed in Arrears Quarterly using Average Daily Value* – The investment advisory fee is billed quarterly, in arrears of services being rendered, and is based on the average daily value of the assets being managed over the previous calendar quarter. The initial deposit and interim deposits and withdrawals are accounted for by using this calculation method. If services are terminated, any earned and uncollected fees will be due and payable immediately.

*Billed in Arrears Monthly using Average Daily Value* – This fee calculation is identical to "Billed in Arrears Quarterly using Average Daily Value," however, the time period is each calendar month instead of each calendar quarter.

*Billed in Arrears Quarterly using End of Period Value* – The investment advisory fee is billed quarterly, in arrears of services being rendered, and is based on the value of the assets being managed as of the last business day of the calendar quarter (end of period). For deposits or withdrawals during the billing period, including the initial deposit or final withdrawal, the fee will be prorated over the billing period to account for the days services were rendered. If services are terminated, any earned and uncollected fees will be due and payable immediately.

*Billed in Arrears Monthly using End of Period Value* – This fee calculation is identical to “Billed in Arrears Quarterly using End of Period Value,” however, the time period is each calendar month instead of each calendar quarter.

Your investment advisory agreement authorizes SAS to deduct the investment advisory fees directly from your account.

### **Wrap Fee Programs**

A Wrap Fee Program is an investment advisory program in which you pay one fee for both investment advisory services and the transaction costs in the Program account. The “wrap fee” is not based directly upon the actual transaction or execution costs for the transactions within the account(s). Depending on the underlying investments within the Program and how much actual trading activity occurs, you may pay more or less than if you had elected to subscribe to a non-wrap fee program and pay for transactions costs separately. Your RIA’s Financial Advisor will review the fee options available to help determine the best option to choose for you. Whether the service you elect is a Wrap Fee Program or whether it is not wrapped and transaction charges are assessed separately is stipulated on your advisory agreement.

### **Fee Schedule and Maximums**

SAS does not utilize a set fee schedule for its advisory services. Instead, the Total Portfolio Management Fee is determined by combining your Financial Advisor’s Fee with the Annual Program Fee of the selected services and third-party money managers (TPMMs). SAS has a maximum Total Portfolio Management Fee of 2.99% per year. For the Spring Capital ADEPT Strategy, the maximum Total Portfolio Management Fee is 1.50% per year. The specific fee you pay for advisory services offered by us is stipulated in your advisory agreement. All fees are negotiable.

### **Amount of Assets under Management**

As of December 31<sup>st</sup>, 2014 SAS had approximately \$1,854,000,000 of assets under management. There are no non-discretionary arrangements with respect to asset management services between SAS and clients at this time.

**NOTE FOR ERISA PLANS:** SAS acknowledges its status as a registered “investment adviser” with the SEC. Financial Advisors have the ability to and may provide fiduciary and/or non-fiduciary services to retirement plans (i.e., 401k, 403b, etc.). Retirement plans may or may not be subject to the U.S. Department of Labor’s Employee Retirement Income Security Act (“ERISA”).

With respect to services provided to ERISA accounts, SAS also acknowledges its status as a “fiduciary” within the meaning of ERISA section 3(21). In most cases, the advisor is an ERISA 3(21) fiduciary tasked with “recommending,” “assisting,” “helping,” or “advising” the sponsor as the sponsor goes about making selection/monitoring/replacement decisions.

## **ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

SAS has an account program minimum of \$25,000, however, this minimum requirement is at our sole discretion, as there may be extenuating circumstances which may make it reasonable to accept an account with a lesser value. Each individual Third-Party Money Manager has its own portfolio value minimums. These minimums are listed in your advisory agreement and should be discussed in further detail with your RIA firm or your Financial Advisor.

SAS generally provides investment advisory services to individuals, including high net worth individuals. To a lesser extent, it may also provide services to pension and profit sharing plans (other than plan participants), charitable organizations, and corporations or business entities.

## **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **METHODS OF ANALYSIS**

#### *Portfolio Strategists*

SAS regularly enters into arrangements with selected, unaffiliated Third-Party Money Managers (TPMMs) whereby SAS gains access to their proprietary investment portfolio models. These TPMMs are in the business of constructing portfolios with specific investment objectives in mind. Through these arrangements, the TPMMs have the obligation to make known to SAS the exact investments they purchase and sell in the construction of their portfolios and SAS has the right to use that information to purchase and sell the same investments in the accounts on SAS's advisory account platform. In these arrangements, you are not a client of the TPMM. Instead, SAS will provide you a "Manager Fact Sheet" along with and at the time you enter into an advisory agreement with SAS. This Manager Fact Sheet describes the TPMM's portfolio goals, investment objectives and risk profile. These TPMM's are referred to as "Portfolio Strategists" in your advisory agreement if such agreement is directly with SAS. Your introducing RIA firm has the responsibility to assess and help determine which, if any, of the services provided by the TPMM's are suitable for you.

#### *Portfolio Managers*

In some cases the TPMM's manage your account as a "separately managed account" (or SMA). With these arrangements, the TPMM has discretion over all or a portion of your account assets and will purchase and sell securities in your account consistent with the particular portfolio's stated investment objectives and risk profile. These TPMM's are referred to as "Portfolio Managers" in your advisory agreement if such agreement is directly with SAS. When the TPMM is managing an SMA for you, you will be provided that TPMM's disclosure brochure, which will describe the portfolio services in greater detail.

#### *Overlay Services*

TPMMs may provide "overlay services" for client accounts. If you elect to utilize overlay services, the TPMM selected will provide discretionary investment management services. The overlay services attempts to harmonize your various program accounts or assets for trading and/or tax-efficiency purposes and employs strategies such as hedging and leveraging across a portion or all of your program portfolios. Overlay services often involve the use of options contracts in order to achieve its stated goals.

#### *Emerging Managers*

Emerging Managers are those whose models are accessible through SAS's advisory platform but do not have the longevity that a traditional TPMM has. Though these Emerging Manager TPMMs typically have been in the financial services industry for a number of years and SAS believes in the merits of their investment process, choosing them is more risky because they have not yet met the same demonstrable track record of performance with a specific model strategy required of other TPMMs. Due diligence has been performed on them, but their level of experience as dedicated asset managers and the length of time they have run these particular strategies do not meet our standard due diligence requirements.

In some cases, these Emerging Manager TPMMs are persons associated with Argentus Capital Management or one of its affiliates. In addition, the Emerging Manager TPMM could also be acting as your Financial Advisor. As such, a conflict of interest exists in that your Financial Advisor may be motivated to recommend his or her proprietary asset management services. The ADEPT Strategy is an

example of where this arrangement exists. With regard to the ADEPT Strategy, the Emerging Manager TPMM/Financial Advisor caps this service at a flat 1.50% per annum when the Emerging Manager TPMM/Financial Advisor is the party engaging the client directly. Other affiliated and/or non-affiliated Financial Advisors offering the ADEPT Strategy are not compensated any more or less for recommending this program.

*Third Party Money Manager selection process:*

Argentus Capital Management employs a multiphase approach to researching and selecting TPMMs whose models are acceptable for inclusion on SAS's platform. Such TPMMs are evaluated using data and information from several sources, including the manager itself and independent databases. Among the types of information analyzed are historical performance, investment philosophy, investment style and historical volatility. Also reviewed are the TPMM's Form ADV disclosure brochures and portfolio holdings reports which helps us evaluate the TPMM's securities selection process. To ensure accuracy, SAS attempts to verify all information by comparing it to publicly available sources. The investment professionals at the TPMMs are a primary source of information to SAS, providing quantitative and qualitative information.

Once a TPMM is approved to be offered on the platform, SAS performs on-going due diligence to ensure the TPMM is meeting expectations. If a TPMM is not meeting expectations, SAS will monitor the TPMM and determine if and when they should be removed from the platform.

### **Investment Strategies**

Third-Party Money Managers may have their own unique strategies that they employ when managing their portfolios. Two common strategic asset management approaches are "strategic" and "tactical."

**Strategic:** A strategy that sets specific asset class allocations and then, periodically, rebalances the managed portfolio to maintain the original asset class allocation. There is typically no change in the assets classes utilized in this type of strategy.

**Tactical:** A strategy that takes a more active trading approach to investing and makes tactical market trades in portfolios in an attempt to take advantage of perceived market opportunities. This could mean a complete replacement of a poor performing asset class to an assets class expected to perform better.

Prior to investing with any TPMM, you are encouraged to ask questions and make sure you understand the investment strategies recommended for you by your RIA firm and/or Financial Advisor.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

SAS does not charge Performance-Based or Side-By-Side Management Fees.

Performance-Based Fees are fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle).

Your investment management fees with SAS are assessed as a percentage of the total value of your advisory account and are not considered performance-based.

### **RISK OF LOSS**

#### General Risk

Investing in securities involves risk of loss that you, as the investor, should be prepared to bear. SAS does not represent or guarantee that it can predict future results, successfully identify market tops or bottoms, or insulate Client portfolios and investments from losses. The prices of, and the income



generated by, equities and other securities held in your portfolio may decline in response to certain events taking place around the world, including those directly involving the issuers whose securities you own. Conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate and commodity price fluctuations are all risk factors that can affect the valuation of your investments.

SAS cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. The value of your investments will be subject to a variety of factors, such as the liquidity and volatility of the securities markets. Portfolio transactions may give rise to tax liability, for which you are responsible.

#### *Asset Allocation Risk*

Asset allocation risk is the risk that your portfolio may be allocated to an asset class that underperforms other asset classes. For example, fixed-income securities may underperform equities. Accordingly, asset allocation risk will be influenced by the allocation of your portfolio among equities, fixed income, alternative and money market securities.

#### *Investment and Market Risk*

Securities purchased in your account(s) are subject to investment risk, including the possible loss of the entire principal amount invested. A recommendation to invest in securities and other instruments may also involve market risk, which is the risk that the value of these positions, like other investments, may move up or down, sometimes rapidly and unpredictably due to adverse market conditions and not necessarily based on the individual merits of the investment. Investment holdings in your account, at any point in time, may be worth less than the original investment, even after taking into account any reinvestment of dividends.

#### *Exchange Traded Funds (ETFs)*

While investing in ETFs has similar risks as investing in individual equities, ETFs typically invest in a diverse group of securities. The level of diversification varies by ETF. While ETFs reduce the effects of concentration risk as compared to investing in a single security, certain ETFs are susceptible to industry, commodity or country risk. Investing in a diverse selection of ETFs may help to reduce this risk. Another important factor to consider with ETFs is that the portfolio of securities in which they invest are typically not actively managed. Leveraged and Inverse ETFs bear unique risks that investors who wish to trade in these should understand. It's important to read the appropriate prospectus or disclosure document specific to the leveraged or inverse ETF before investing.

#### *Fixed Income Investments*

One of the most important risks associated with fixed-income securities is interest rate risk, the risk encountered in the relationship between bond prices and interest rates. The price of a bond will change in the opposite direction of movements in prevailing interest rates. For example, as interest rates rise, bond prices will generally fall. If an investor has to sell a bond prior to the maturity date, an increase in interest rates could mean that the bondholder will experience a capital loss (i.e., selling the bond below its original purchase price).

Reinvestment risk is the risk that the interest rate at which the interim cash flows can be reinvested will decline and thus reinvestments will receive a lower interest rate. Reinvestment risk is greater for longer holding periods.

Default risk is commonly referred to as “credit risk” and is based on the probability that the issuer of the debt obligation may default. Default risk is rated by quality ratings assigned by commercial rating companies.

Call risk is the risk related to call provisions on debt obligations. You should be aware of four risks associated with call provisions.

- 1) The cash flow patterns of callable bonds are not known with certainty.
- 2) Since the issuer will typically exercise their right to call the bonds when interest rates have dropped, you may be exposed to reinvestment risk. You would have to reinvest the proceeds after the bond is called at relatively lower interest rates.
- 3) The potential for capital appreciation of a callable bond is reduced relative to that of a non-callable bond, because its price may not rise much above the price at which the issuer can call the issue.
- 4) If the issue is purchased at a premium, you may lose the difference between the purchase price and call price.

Inflation risk arises because the value of the cash flows being received from a debt obligation may actually lose purchasing power over the course of time due to the effects of inflation.

Liquidity risk depends on the ease with which an asset can be sold at or near its current value. The best indicator to measure an issue’s liquidity is the size of the spread between the bid price and the ask price quoted by a dealer. A wider spread on the asset indicates a greater liquidity risk. If you plan on holding a bond until its maturity date, liquidity risk is less of a concern.

Finally, exchange rate risk, which is encountered in non-dollar denominated bonds or bonds whose payments occur in a foreign currency, has unknown U.S. currency cash flows. The dollar cash flows are dependent on the exchange rate at the time the payments are received. For example, consider a bond whose coupon payment is paid out in Japanese yen. If the yen depreciates relative to the U.S. dollar, fewer net dollars will be received. Conversely, if the yen should appreciate relative to the U.S. dollar, the investor will benefit by receiving more net dollars.

#### Alternative or Illiquid Investments

Some Third-Party Money Managers and some strategies utilize “illiquid investments.” These are securities and other financial instruments that are not actively or widely traded and may have a limited or non-existent secondary market (i.e., non-traded REITs, Hedge Funds, Managed Futures Funds, Business Development Companies and other “Reg-D” unregistered offerings). As a result of the limited or non-existent secondary market, it may be relatively difficult, if not sometimes impossible, for SAS or the Third-Party Money Manager to dispose of such investments rapidly and/or at a reasonable value when you make a liquidation or withdrawal request. This is particularly true during times of adverse market conditions. Adverse market conditions have, in the past, lead to a “liquidity crisis” (i.e., the inability to sell many securities at expected values). SAS makes no assurance or guarantee that future market conditions will not result in similar liquidity issues. Investors in Illiquid Investments should carefully consider the unique risks these types of securities present before making any investment decisions.

#### International Investing

Investing in the global market can assist with diversification of a portfolio but it is important to consider some of the unique risks with such a strategy. Each country has unique rules and regulations covering

corporations and their stock markets which offer investors varying degrees of protection. Additionally, investing in foreign markets subjects your investment to currency risk.

Additional risk information may be available in a product's prospectus, offering circular or on the product sponsor's web site. Additional product specific risk information is available through the investor section of [www.sec.gov](http://www.sec.gov). Please review these resources for more detailed information on the risks related to the specific investments in your portfolio.

#### **VOTING PROXIES**

Argentus Advisors does not vote proxies on behalf of clients. You are instructed to read through the information provided with the proxy-voting documents and to make a determination based on the information provided. You should receive proxy voting materials directly from your account custodian or transfer agent. In the event proxy material received by Argentus Advisor on your behalf will be promptly forwarded to your address of record with the custodian.

## **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

When your account is opened, SAS communicates the information you provided us on your Risk Tolerance Questionnaire to each selected Third-Party Money Manager (TPMM). Your RIA firm's Financial Advisor will contact you regularly to review and update your file and account information. When material changes occur in your financial situation or investment objectives, your Financial Advisor will advise you accordingly and, if necessary, add or drop Third-Party Money Managers as appropriate.

TPMMs who merely provide their models to SAS, but do not actually have control over the account assets are referred to as "Portfolio Strategists" and will not have access to client information. TPMMs who manage your account or a portion of your account through a Separately Managed Account (SMA) are referred to as "Portfolio Managers." Portfolio Managers are provided access to your account information.

**ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS**

You may contact your RIA firm, your Financial Advisor or SAS directly to inquire about and discuss any Wrap Fee Program offered. Any meetings with a Portfolio Strategist or Portfolio Manager are typically arranged by your Financial Advisor.

## **ITEM 9 - ADDITIONAL INFORMATION**

### **DISCIPLINARY INFORMATION**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to Client's evaluation of the Registered Investment Adviser or the integrity of its management. Neither Argentus Advisors, its owners, nor its management have been involved in any legal or disciplinary events that would have a material impact on a client's evaluation of Argentus Advisors' advisory business or the integrity of management.

Your Financial Advisor should provide along with this brochure a supplement that describes his or her education, business experience, professional designations and material legal or disciplinary history, if any.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### *BROKER-DEALER REGISTRATION*

Certain members of SAS's management team, as well as several of its affiliate, Argentus Advisors' Financial Advisors are also registered representatives of unaffiliated broker-dealers. As registered representatives, these persons may receive separate, yet customary, commission compensation and/or trailing commissions resulting from the sale of securities products and services they may recommend.

Additionally and as noted in Item 4 above, SAS provides services to certain mutual fund complexes. Among the services provided are trading services in which securities trades are directed to the broker-dealer for which associated persons are the registered representative of record and for which these registered representatives receive a portion of the commission assessed to the mutual fund complex. This arrangement presents a potential conflict of interest, particularly when your Financial Advisor recommends and places your assets with these mutual fund complexes. A list of funds that are currently under this arrangement are provided in Item 4 of this brochure. Financial Advisors providing investment advice on behalf of SAS, who are registered representatives of an unaffiliated broker-dealer, may recommend their broker-dealer for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from their broker-dealer unless the broker-dealer provides the Financial Advisor with written authorization to do so. Therefore, these individuals may be limited to conducting securities transactions through their broker-dealer. It may be the case that such broker-dealer's charge higher transaction fees and/or custodial fees than other broker-dealers charge for the same services. Also, if transactions are executed through these broker-dealers, these Financial Advisors (in their capacity as registered representatives of the brokerage firm) may earn commission-based compensation as a result of placing the recommended securities transactions through their broker-dealer. This practice presents a conflict of interest because the Financial Advisor has an incentive to effect transactions for the purpose of generating a commission rather than solely based on your best interest. Additionally, this practice may preclude SAS from achieving best execution within such an advisory account. You may utilize the broker-dealer of your choice, however, if you want your Financial Advisor to be the Financial Advisor of record for your account and you do not choose the broker-dealer your Financial Advisor is a Registered Representative of, we may not be able to accept your account.

#### *INSURANCE AGENTS AND AGENCIES*

Certain members of SAS's management team, as well as several of its affiliate Argentus Advisors' Financial Advisors are also licensed insurance agents and/or operate insurance agencies unaffiliated with SAS. As insurance agents and agencies, these persons receive separate, yet customary, commission

compensation and/or trailing commissions resulting from the sale of insurance products and services they may recommend.

Currently, the insurance agencies operated by our affiliate, Argentus Advisors' Financial Advisors include: Linn, LLC; Pacific Benefits Group Southwest d/b/a Wealth For Life; and, Leveraged Solutions, LLC.

#### *GENERAL DISCLOSURE REGARDING REGISTERED REPRESENTATIVES AND INSURANCE AGENTS*

Commission based sales may incentivize a person to recommend a commissionable product based on the compensation received, rather than based on your needs. Offering such products and services to advisory clients may present a conflict of interest. You should be aware of this conflict and should inquire further if necessary.

Each Financial Advisor is required to provide you this disclosure document along with a personal disclosure document which describes whether they are registered representatives or insurance agents, operate insurance agencies and/or other outside business activities they may be involved in which may present a conflict of interest. Providing these disclosure documents to you is an important requirement for mitigating these inherent conflicts.

#### **Strategic Capital Alternatives, LLC**

SCA Holdings, LLC owns a controlling interest in Argentus Partner, LLC. Argentus Partners, LLC owns 100% of SAS. SCA Holdings, LLC also owns Strategic Capital Alternatives, LLC (SCA), an SEC registered investment adviser. Our partnership with SCA is a strategic one, in that, through SAS we provide SCA a state of the art platform through which SCA is able to offer its advisory services. Not all arrangements created through our relationship with SCA present the same revenue stream to the company, therefore, a conflict could exist as we offer advisory services to our customers. The RIA firms offering services on SAS's platform do not receive any more or less compensation based on what advisory services or TPMs are made available to their clients. This fact, along with the requirement to provide this disclosure brochure to you, describing the arrangement we have with SCA are among the methods we use to help mitigate this conflict.

#### **Argentus Advisors, LLC.**

Argentus Advisors, LLC., a firm registered with the SEC as an investment adviser, is a "related person" of SAS due to the fact that both companies are owned by Argentus Partners, LLC. Argentus Advisors' main investment advisory business is to manage the investment portfolios of individuals, corporations, and other businesses through its investment adviser representatives (Financial Advisors) and through the use of TPMs. Argentus Advisor's investment advisory services are tailored to the individual needs of its clients and are based on the client's goals, investment objectives, time horizon and risk tolerance. In this capacity, Argentus Advisors and its Financial Advisors act as fiduciaries to the client.

Argentus Advisor's Financial Advisors provide continuous investment advice to their clients regarding the investment of funds based on the individual needs of each client. The Financial Advisor will discuss your particular financial situation and will help you establish your financial goals, investment objectives, time horizons and risk tolerance. The Financial Advisor also reviews and discusses with you, your prior investment experience, all in an effort to properly advise you to ensure that the advisory services provided are appropriate.

#### **W. E. Donoghue & Co., Incorporated (WEDCO)**

W. E. Donoghue & Co., Incorporated (WEDCO) is an SEC Registered Investment Advisor. WEDCO is not an affiliate of SAS. WEDCO serves as the Investment Advisor to the Power Income Funds, a registered



mutual fund. SAS has a business relationship with WEDCO, in that SAS provides trading and back-office administrative services to WEDCO for its Power Income Funds and receives compensation for these services, some of which is based on the value of assets in the Power Income Funds.

To mitigate the conflicts of interest presented by this arrangement, SAS does not offer introducing RIA firms or their Financial Advisors any additional compensation, such as bonuses or higher pay rates, for recommending investments in mutual funds for which SAS has a material financial interest. In addition, SAS provides this disclosure brochure to all advisory clients, prior to or at the time of, entering into an advisory agreement.

## **OTHER INVESTMENT ADVISERS**

### *SCA Model Portfolio Management Services and the use of affiliated advisers.*

The SCA Model Portfolio Management Strategies will employ the use of Alternative investments. Alternative investments include, among other things, investments in limited partnerships, REITs, hedge funds, leasing agreements and managed futures. Some of these investments are managed by SAS's affiliated investment advisers such as, but not limited to, Genesis Capital LLC: the Granite Harbor Tactical Fund (GHTFX), Granite Harbor Alternative Fund (GHAFX), and Anchor Alternative Income Investor Fund (AAIFX). Because of the affiliation between SAS and some of these funds, SAS has an inherent incentive to utilize these funds, which creates a conflict of interest.

SAS provides a platform by which introducing RIA firms (RIAs) can recommend and select other Third-Party Money Managers (referred to as TPMMs throughout this brochure) to manage all or a part of your portfolio. These TPMMs assess a "program fee" for their services, for which SAS collects and shares in. This arrangement may present a conflict of interest, depending on the fee collected by SAS. In order to help mitigate this conflict, SAS institutes several policies. First, SAS has a documented and measurable process for vetting TPMMs before they can be added to the platform and for ongoing review to determine if they should remain on the platform. The amount of compensation received by SAS is not a part of the decision making process. Additionally, RIA's do not receive any more or less compensation based on what TPMMs they recommend or select. SAS does not condone or promote any particular TPMM over another. Last, SAS requires the delivery of this disclosure document to all advisory clients, prior to or at the time they enter into an advisory agreement with the firm or the RIA firm.

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

### ***Code of Ethics***

As a fiduciary, SAS has established a Code of Ethics under which all of the firm's employees and Financial Advisors must comply. SAS accepts its fiduciary responsibility to (1) place the interests of its clients first at all times, (2) act with the utmost good faith (3) provide full and fair disclosure of all material facts and conflicts of interest to clients, and (4) conduct all personal securities transactions consistent with its Code of Ethics. SAS's associated persons are held to a professional standard that requires they avoid any abuse of an individual's position of trust and responsibility, not take inappropriate advantage of their positions; comply with applicable securities laws and regulations; and maintain confidentiality of client's financial circumstances. You may request a full copy of our Code of Ethics from SAS.

### ***Personal Trading***

From time to time, associated persons, will invest in the same securities that are going to be, or have already been, bought or sold for clients' accounts. Transactions for the associated persons could be effected at or about the same time they are effected for a client's account. Because of this, a conflict of interest could arise in that it is possible for the associated person to place their order ahead of a client's

order. While SAS does allow its associated persons to invest in these securities, it does not allow orders to be placed ahead of clients. Placing the client's order ahead of any associated person's does not ensure a better price, however, it does ensure that the client's trade will occur at or before that of the associated person. Whenever possible, SAS will aggregate the trades so that all the positions are filled at the same price.

***Advising Investment Companies***

SAS does advise and provide services to several registered mutual funds. Additionally, trades for these funds are often directed to a broker/dealer for which associated persons of SAS's affiliate, Argentus Advisors, is the registered representative, resulting in commission payments from those broker/dealers to the registered representative. This is a conflict of interest in that it can incentivize Argentus Advisors to recommend one of these funds to a client for the purpose of additional compensation, rather than to act in the client's best interest. In order to mitigate this conflict, Argentus Advisors does not compensate its Financial Advisors any more or less for recommending these funds over other mutual funds available in the advisory program. Neither Argentus Advisors nor SAS promote these funds to the Financial Advisors or incentivize the Financial Advisors, in any way, to recommend these funds over other available funds. Additionally, SAS maintains a policy that all clients must receive this disclosure brochure at the time of or prior to entering into an advisory agreement with the firm or an introducing RIA, to ensure that proper disclosure is provided.

### ***Brokerage Practices***

SAS considers factors such as speed, reliability, cost, quality of trade execution, and the availability of services and products when selecting broker/dealers or custodians to execute your transactions. The fees and commissions that you may pay for such services may be higher than the fees and commissions available at other broker/dealer or custodian firms. SAS believes the overall benefits and features of recommended broker/dealer and/or custodial firms are of sufficient value to warrant the fees and commissions such firms charge.

SAS makes various broker/dealers and/or custodians available to its prospective RIA firms. Accounts are opened and carried by the broker/dealer or custodian selected by you, the client. SAS reserves the right not to accept an account at its sole discretion.

From time to time, recommended broker/dealers may refer prospective clients to SAS. Such referrals could provide an incentive for us to direct business their way. SAS does not pay for such referrals and does not charge such referred clients any more or less than what would be charged if the prospective client learned of our services any other way.

SAS does not receive what is known as “soft dollars” from any broker/dealer or custodian. This means that SAS does not pay brokerage commissions to obtain research or other products or services from broker/dealers or account custodians.

When possible, SAS, through its trading desk, will try to aggregate the purchase or sale of securities for various client accounts. This can sometimes provide for better execution of trades more level execution across client accounts.

SAS may permit directed brokerage arrangements in which you, the client, would select the broker/dealer or custodian to be utilized. This practice is known as “directed brokerage.” If you direct us to use a broker/dealer or custodian other than those which we recommend, SAS may not be able to achieve most favorable execution and you may pay more or less for account transactions.

### ***REGISTERED REPRESENTATIVES***

Some Financial Advisors are also registered representatives of unaffiliated broker/dealers. This fact will be disclosed to you via the Financial Advisors ADV2B “bio brochure” which you should receive on or before account opening. Although the broker/dealer for which the Financial Advisor is registered is unaffiliated with SAS, your account may still be held or cleared through that broker/dealer. When this is the case, your Financial Advisor may also be the registered representative of record for your account. As a registered representative, your Financial Advisor may be entitled to other compensation such as 12b-1 fees and or a portion of the ticket charges assessed for non-wrap advisory programs. This arrangement creates a conflict of interest that you should be aware of. SAS provides this disclosure brochure and this explanation in order to inform you of this conflict so that you can make an informed decision as you establish your advisory account.

### ***Review of Accounts***

Your introducing RIA firm, through their Financial Advisor, is responsible to ensure that the recommended advisory service you are subscribed to is suitable for you. Our advisory offerings are managed to meet a wide range of risk tolerances, so indicating an appropriate risk level or risk tolerance for your account and services is an important step in the account review process. Upon opening your account on SAS’s platform, your RIA firm will gather pertinent information from you in order to help assess your risk tolerance and help establish your investment goals. Subsequently, and at least annually, a Financial Advisor from your RIA firm should meet with you to re-assess your situation and make sure

nothing has changed that would require an adjustment to your portfolio strategy. This assessment, at a minimum, will include a review of your established investment objectives and financial situation, as well as an inquiry as to whether you would like to include any restrictions on management of your account.

In addition to this annual review, SAS employs certain back-office procedures to look for excessive cash positions and infrequent trading in wrap fee program accounts. These reports allow us to monitor client accounts on an “other than periodic” basis and helping the firm to identify potential service issues. Note that accounts with excessive cash or low trade volume are not, in and of themselves, inappropriate if you are intentionally employing a strategy that results in such instances.

Your account custodian will provide you with account statements at least quarterly, which will show your account holdings, securities valuations and any trading activity that occurred during the statement period. Upon request, your Financial Advisor may also provide certain account holdings, trading and performance reporting. All securities valuations are done by your custodian or directly from the product sponsor. SAS does not provide valuations on securities.

#### ***Client Referrals and Other Compensation***

From time to time, SAS may pay a referral fee to a person or to another investment advisory firm for a client referral under the Investment Advisers Act of 1940, Rule 206(4)-3. The referring party must enter into a Solicitor’s Agreement with SAS and clients who are introduced under this arrangement receive a Solicitor’s Disclosure Statement. The Solicitor’s Disclosure Statement provides certain information to the introduced client, including but not limited to, the fact that the solicitor/introducer is receiving compensation, the nature of the compensation being received and whether or not the introduced client is paying any more or less for advisory services because of this referral fee arrangement.

#### ***Custody***

Neither SAS nor any of its affiliates take custody of assets in any client account. SAS has arrangements in place to do business with several different custodial firms, including but not limited to Charles Schwab and TD Ameritrade. SAS will allow a client, under certain circumstances, to choose their own broker/dealer and/or account custodian (please see further explanation of “directed brokerage” under Item 12 above). The custodian is responsible for sending out account statement on at least a quarterly basis which will itemize each of the current account holdings, their values and all transactions that have occurred in the client’s account. Upon request from you, SAS will also prepare a quarterly performance statement. You are strongly advised to compare the custodial statement with the quarterly performance report each quarter. In the event of a discrepancy, the custodian’s statement will prevail. Any discrepancies, errors, or questions should be brought to the attention of your RIA firm.

#### ***Investment Discretion***

Although SAS does not prohibit non-discretionary advisory services, in almost all situations the services provided to you and your account are discretionary in nature. Discretion may mean that your Financial Advisor has the authority to buy and sell securities inside of your account, without consulting you prior to placing such trades. It is also considered discretion when SAS and/or your Financial Advisor can hire or fire Third-Party Money Managers (TPMMs) on your behalf in the management of your portfolio. When you sign your client management agreement, you are providing SAS and your introducing RIA firm a “limited” power-of-attorney, permitting us to take such discretionary action. The authority is limited in that, neither SAS nor your RIA firm ever assume the authority to withdraw funds or securities from your account. Withdrawals can only be executed through your affirmative, written consent with the custodian.

### ***Other Potential Conflicts***

#### **Mutual Fund Clients**

SAS provides advisory services to several mutual funds and mutual fund models that could be recommended by an RIA's Financial Advisor. Currently, those mutual funds are:

GVTIX & GVTAX – NLFT III Tactical Asset Allocation Fund;  
NFMAX, NFM CX & NFMIX – Newfound Multi-Asset Income Fund  
NFBAX, NFB CX & NFBIX – Newfound Total Return Fund  
NFGIX & NFGAX – NLFT III Newfound Risk Mgd Global Fund; and,  
PWRIX & PWRAX – NLFT Power Income Funds

Additionally, the Power Income Model Portfolio utilizes the NLFT Power Income Fund(s).

SAS receives compensation from these funds by providing certain back-office trading and administrative functions. Additionally, SAS may be paid a fee based on the value of the assets in the fund.

It is important to point out that these arrangements are a conflict of interest and can incentivize someone to recommend these funds based on the compensation received rather than based solely on your needs. You have the option to purchase investment products recommended to you through other financial advisory firms and/or broker/dealers that are not affiliated with SAS. Advisory fees are not adjusted based on the compensation SAS receives from the funds for which it provides such services. Neither RIA's nor their Financial Advisors are compensated any more or less to recommend these funds nor do we promote or incentivize RIA's to recommend these funds over any other funds which may be available on the platform. These policies along with providing you this brochure with full disclosure are how SAS addresses these conflicts.

#### **SCA Model Portfolio Management Services and the use of affiliated advisers.**

The SCA Model Portfolio Management Strategies will employ the use of Alternative investments. Alternative investments include, among other things, investments in limited partnerships, REITs, hedge funds, leasing agreements and managed futures. Some of these investments are managed by SAS's affiliated investment advisers such as, but not limited to, Genesis Capital LLC: the Granite Harbor Tactical Fund (GHTFX), Granite Harbor Alternative Fund (GHAFX), and Anchor Alternative Income Investor Fund (AAIFX). Because of the affiliation between SAS and some of these funds, SAS has an inherent incentive to utilize these funds, which creates a conflict of interest.

#### **Registered Representatives and Insurance Agents**

While SAS is not a broker-dealer or an insurance agency and is not affiliated with a broker-dealer or an insurance agency, many of the RIA's Financial Advisors may be registered representatives of unaffiliated broker-dealers and state licensed insurance agents. This means your Financial Advisor may receive commissions for security and insurance recommendations you execute through his or her broker-dealer or insurance practice. This relationship may present a conflict of interest, as it creates an incentive for your Financial Advisor to recommend the purchase of securities and insurance products on the basis of compensation rather than based on your needs. The RIA's Financial Advisors are fiduciaries and have an ethical obligation to always put your interests before their own. For more detailed information about how the RIA handles these types of conflicts, you should ask your Financial Advisor for a copy of his/her RIA's disclosure brochure such as ADV Part 2A.

#### **Due Diligence Meetings and Gifts and Entertainment**

On occasion, RIA's and their Financial Advisors may be invited by Third-Party Money Managers (TPMMs), product sponsors and other investment advisory firms to due diligence and educational meetings which they host. The RIA may believe these meetings to be valuable in allowing their firm and their Financial Advisors the opportunity to better understand the products and services offered by such entities. In many cases, the hosting party will offer to pay for such expenses as airfare, hotel rooms, local transportation and dining. For more detailed information about how the RIA handles these types of conflicts, you should ask your Financial Advisor for a copy of his/her RIA's disclosure brochure such as ADV Part 2A.

Additionally, Third-Party Money Managers, product sponsors and outside investment advisory firms may offer gifts and entertainment opportunities to RIA's doing business on our platform or the RIA's Financial Advisor. Such gifts and entertainment may be dinner, sporting events, concerts and the like. For more detailed information about how the RIA handles these types of conflicts, you should ask your Financial Advisor for a copy of his/her RIA's disclosure brochure such as ADV Part 2A.

#### Political Contributions

Each RIA doing business on SAS's platform will have its own Code of Ethics, as well as, policies and procedures addressing political contributions. For more detailed information about how the RIA handles these types of conflicts, you should ask your Financial Advisor for a copy of his/her RIA's Code of Ethics and/or disclosure brochure such as ADV Part 2A.

#### Other Fees and Expenses You May Incur

The total advisory fees you pay and other costs associated with your account impact the overall performance of your portfolio. It is important to review these costs with your RIA firm and/or the RIA's Financial Advisor when making your advisory and investment decisions. Costs may include, but are not necessarily limited to:

**Internal Expenses** – Internal management fees and other expenses charged by mutual funds, variable annuities and other investment product sponsors (also known as internal expenses). All mutual funds and variable annuity products, as well as, other pooled investments such as hedge funds, REITs and other alternative investments charge a fee for the management and operations of their offerings. These fees impact the overall investment performance of your portfolio.

**Brokerage Account Fees** – SAS offers its services on various broker-dealer and custodial platforms. Each broker-dealer and/or custodian assesses different account, service and transaction charges such as, transaction fees, wire fees, trade-away fees, statement and confirmation fees, etc. Please discuss these fees with your RIA firm and their Financial Advisor and refer to your broker-dealer/custodial agreement for more information on these types of fees.

**Short-Term Trading Redemption Fees** – Some pooled investments, such as mutual funds, impose short-term trading redemption fees as high as 2% for actively trading or exchanging in and out of their funds. This could affect your RIA firm and/or Third-Party Money Manager's ability to manage your portfolio, as the existence of these fees may cause your RIA firm and/or the Third-Party Money Manager to delay placing trades or you may incur the expense.

**Variable Annuity Riders and Contract Costs** – Variable annuities assess fees which may include, but are not limited to, annual base annuity M&E charges, optional benefit rider charges, underlying sub-account management fees and contract surrender charges.

**Rights of Accumulation** – Many mutual fund families offer rights of accumulation or other sales charge discounts. You should be aware that, for many fund families, shares held in advisory accounts are not

counted towards rights of accumulation and, therefore, may not count towards sales discounts on other mutual fund purchases you make outside of your advisory account. You should consult the mutual fund's prospectus for more information regarding rights of accumulations and sales discount eligibility.

***Solicitors***

SAS may, from time to time, utilize solicitors to introduce potential clients to its services. Solicitors are typically registered as investment advisers with either the SEC or the appropriate state authority and may provide some level of advice such as suitability and/or risk tolerance assessment. A solicitor is not involved in the actual asset management of the client's account. Solicitors share in the advisory fees paid by the client, however, the client is not paying any more for advisory services than he or she would if there were no solicitor involved. Solicitors are required to provide clients with a Solicitors Disclosure Statement, which elaborates on the solicitor's role and the relationship between the solicitor and Argentus Advisors.