

FORM ADV II PART 2A



SENDERO WEALTH MANAGEMENT, LLC

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March 31, 2015

This Brochure provides information about the qualifications and business practices of Sendero Wealth Management, LLC ("Sendero"). If you have any questions about the contents of this Brochure, please contact us at support@sendero.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.

Sendero is a registered investment advisor. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Adviser.

Additional information about Sendero also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2015 is an updated document prepared according to the SEC’s new requirements and rules and replaces our previous Brochure dated March 2014.

We have move the Main Office location as of November 10, 2014.

Our Brochure may be requested by contacting Lisa Kahn-Smith, Chief Compliance Officer at 210.805.1180 or lkahn-smith@sendero.com. Our Brochure is also available on our web site www.sendero.com.

Additional information about Sendero is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Sendero who are registered, or are required to be registered, as investment advisor representatives of Sendero

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ITEM 4 – ADVISORY BUSINESS

Sendero is an independent registered investment advisory firm offering broker/dealer services through Sendero Securities, LLC, Member FINRA/SIPC, an affiliated entity. The firm began with a vision by Fred Middleton to take care of his friends. After running the trading desk at Rotan Mosle for several years, Fred was asked by a number of friends and family for help with their investments. This led to the creation of an office within PaineWebber in 1995. In 2000, his team of investment professionals became the San Antonio affiliate of Redstone Consulting, a division of Redstone Companies, L.P., based in Houston.

Focused on responsibly growing the wealth of high net worth families, endowments and charitable organizations, the San Antonio office flourished. Coupled with the growth of Redstone's other divisions, the benefits of the partnership diminished and the result was a friendly separation and spinoff of the entire San Antonio office which became Sendero Wealth Management, LLC on January 1, 2008.

During 2012, the ownership of Sendero Wealth Management was restructured resulting in the purchase of 100% of the RIA by Sendero Partners. Fred W. Middleton and Scott R. McMillian are controlling beneficial owners of Sendero Partners. Sendero uses Sendero Securities, LLC as our broker/dealer affiliate which clears through J.P. Morgan Clearing Corp. This facilitates a uniform environment for money managers selected by Sendero to trade on behalf of our clients.

We provide both wrap fee and non-wrap fee programs for clients. Portfolios in both programs are managed in similar fashion. In wrap fee portfolios, Sendero collects an asset-based “wrap” fee and pays all trading costs. One of the wrap fee programs also includes investment management fees for third-party managers. Clients with non-wrap fee portfolios pay Sendero an advisory fee and are charged trading costs and pay investment management fees directly.

All portfolios managed by Sendero are managed on a non-discretionary basis. Sendero will make investment allocation recommendations for these accounts, but the client must approve the recommendations before they are applied to the portfolio. As of December 31, 2013, Sendero had \$0 in discretionary assets under management and \$2,744,565,325 in non-discretionary assets under management.

OUR SERVICES

Sendero offers customized investment strategies to help our clients preserve and grow their wealth responsibly. We offer asset allocation, manager selection and sophisticated investment oversight for clients with \$5 million or more in investable assets. We develop and implement investment strategies based on a client's entire financial situation, not just their managed assets. Our open architecture manager selection process provides a truly unbiased selection of both traditional and alternative investment managers. We do not create, manage or sell our own products. We are a privately-owned, independent firm with deep family values and a passion for personalized service.

Organization of Wealth

Sendero provides the facilities and expertise to sort through the complexities of investing large pools of assets. We gather data on all client assets and present a clear, easy to understand analysis of total wealth.

Open Architecture Portfolio Manager Selection

Sendero is an independent firm offering a truly unbiased selection of portfolio managers. Our proprietary process combines quantitative and qualitative analysis to identify traditional and alternative investment managers with strategies that are most appropriate for each client's investment strategy.

Strategic Asset Allocation

Sendero uses a holistic view of wealth combined with an investment policy directive from the client to gain important insight into the most appropriate combination of assets for achieving a "stay wealthy" portfolio with minimal risk. Portfolios usually include traditional equity and fixed income securities combined with non-correlated asset class investments such as absolute return funds, alternative investments, real estate, and private equity.

Expert Oversight

Clients need access to their assets and we take pride in making this easy while staying true to the client's ideal investment strategy. We leverage sophisticated analysis and creative investment techniques to delicately balance a long-term, tax sensitive discipline with the immediate cash flow needs of each relationship.

Ongoing Manager Due Diligence

We continually monitor the managers we recommend for our clients: reviewing daily trading activity, scrutinizing performance relative to appropriate benchmarks and similar investment managers on a monthly basis, and updating manager strategy and research quarterly. We also conduct annual on-site due diligence meetings with key personnel to review all aspects of the manager's organization.

Investment Advocates

We provide intelligent counsel for most investment situations, recommending prudent and responsibly priced services and products for each client. When appropriate, we facilitate access to specialists for services beyond our scope of expertise. We consider it our duty to identify the most appropriate solution for any investment decision impacting our clients.

Sendero's investment management services may include, without limitation, any one or more of the following services:

- Assistance with the review, evaluation and/or formulation of investment objectives and policies, and assistance with the development of one or more asset allocation strategies based upon the information provided by Sendero's clients;

- Assistance with the selection of Portfolio Managers and Portfolio Funds to manage all or a portion of a client's assets in a manner consistent with the client's financial circumstances, investment objectives, risk tolerance and any restrictions that the client wishes to impose on the management of the client's account;
- The provision of ongoing monitoring (due diligence) of the Portfolio Managers and Portfolio Funds with whom a client's assets have been invested, as well as ongoing and continuous recommendations regarding the retention or termination of such Portfolio Managers or Portfolio Funds in light of the client's investment objectives; and/or
- The provision of ongoing performance reporting with respect to the client's assets, as well as such other reporting as may be mutually agreed upon by the client and Sendero.

From time to time Sendero may also furnish advice to clients about equity, fixed income and other securities in connection with a client's decision to purchase a security. Fees for the provision of this type of investment advice are separately negotiated for each client.

ITEM 5 – FEES AND COMPENSATION

All fees are subject to negotiation. The specific manner in which fees are charged by Sendero is established in a client's written agreement with Sendero. Sendero will generally bill its fees on a quarterly basis. Clients are billed in advance each calendar quarter. Some non-wrap accounts may be billed in arrears depending on prior arrangements. Clients may also elect to be billed directly for fees or to authorize our clearing firm to directly debit fees from client accounts. Management fees may be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on Sendero's sub-advisory agreement with each individual manager. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

All Sendero clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees, such as commissions, and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Sendero's fees.

Clients may choose between three fee options:

1. Sendero Wrap Fee Program

When the client chooses to use the Sendero Wrap Fee Program for the services provided by Sendero and the Portfolio Managers as described in the Client Agreement, each managed account will be charged a single, asset-based fee (the "Wrap Fee") each calendar quarter in advance. Each

non-managed account covered by the Client Agreement, not managed by a third party money manager, and where trades are directed by the client will not be charged a Wrap Fee but may be charged a commission on trades in the account. Commissions will vary with the quantity and type of security purchased.) The maximum Wrap Fee on managed accounts, expressed as an annual rate, that may be charged to clients is set forth in the following schedule:

Sendero Wrap Fee Schedule

| Sendero MAXIMUM Wrap Fee Schedule applied to all Account(s) collectively* | | | |
|--|--------------|---------------------------------------|---------------------|
| <u>Aggregate Managed Assets Portfolio Value</u> | | <u>Marginal Annual Fee Percentage</u> | |
| | | <u>Equity</u> | <u>Fixed Income</u> |
| On the first | \$5,000,000 | 2.50% | 1.20% |
| On the next | \$5,000,000 | 2.35% | 1.20% |
| On the next | \$15,000,000 | 2.20% | 1.20% |
| On the next | \$25,000,000 | 2.00% | 1.20% |
| Assets over | \$50,000,000 | 1.90% | 1.20% |

**not including certain costs that may be imposed by the Broker-Dealer or third parties, such as SEC fees, margin interest, odd-lot differentials, wire transfer fees, postage fees, and other fees or taxes required by law*

2. Sendero Advisory Wrap Fee Program

Sendero's Advisory Wrap Fee Program is an asset-based fee covering Sendero Advisory fees and all trading and custody fees including brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client, except for Portfolio Management fees and custodial IRA fees which are charged separately and are not included as part of the Advisory Wrap Fee. When the Client chooses the Sendero Advisory Wrap Fee Program, each managed account will be charged an asset-based fee (the "Advisory Wrap Fee") each calendar quarter in advance AND management fees assessed by the Portfolio Manager. Each non-managed account covered by the Client Agreement, not managed by a third party money manager, and where trades are directed by the client, will not be charged a consulting or management fee but may be charged commission on trades in the account. Commissions will vary with the quantity and type of security purchased. The maximum Sendero Advisory Wrap Fee charged on managed accounts, expressed as an annual rate, that may be charged to clients is set forth in the following schedule:

Sendero Advisory Wrap Fee Schedule

| Sendero MAXIMUM Advisory Wrap Fee Schedule | | |
|---|---------------|----------------------------|
| applied to all Account(s) collectively* | | |
| <u>Aggregate Managed Assets Portfolio Value</u> | | <u>Marginal Annual Fee</u> |
| On the first | \$ 5,000,000 | 0.95% |
| On the next | \$ 5,000,000 | 0.80% |
| On the next | \$ 15,000,000 | 0.65% |
| On the next | \$ 25,000,000 | 0.45% |
| Assets over | \$ 50,000,000 | 0.35% |

**not including certain costs that may be imposed by the Broker-Dealer or third parties, such as SEC fees, margin interest, odd-lot differentials, wire transfer fees, postage fees, and other fees or taxes required by law*

3. Sendero Non-Wrap Fee Program

Sendero's Non-Wrap Fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. When the Client chooses the Sendero Non-Wrap Fee Program, each managed account will be charged the following fees: a) advisory fee by Sendero, b) management fees assessed by the Portfolio Manager, c) trading and custody fees by the Broker Dealer, d) custody fees by the custodian if different from the Broker Dealer, and e) Trust fees in the case of a trust. Each non-managed account covered by the Client Agreement, not managed by a third party money manager, and where trades are directed by the client, will not be charged a consulting or management fee but may be charged commission on trades in the account. Commissions will vary with the quantity and type of security purchased. The maximum consulting fee charged on managed accounts, expressed as an annual rate, that may be charged to clients is set forth in the following schedule:

Non-Wrap Advisory Fee Schedule

| Sendero MAXIMUM Non-Wrap Advisory Fee Schedule | | |
|---|---------------|----------------------------|
| applied to all Account(s) collectively* | | |
| <u>Aggregate Managed Assets Portfolio Value</u> | | <u>Marginal Annual Fee</u> |
| On the first | \$ 5,000,000 | 0.80% |
| On the next | \$ 5,000,000 | 0.65% |
| On the next | \$ 15,000,000 | 0.50% |
| On the next | \$ 25,000,000 | 0.40% |
| Assets over | \$ 50,000,000 | 0.30% |

**not including certain costs that may be imposed by the Broker-Dealer or third parties, such as SEC fees, margin interest, odd-lot differentials, wire transfer fees, postage fees, and other fees or taxes required by law*

The rate used each quarter for Wrap Fee and Non-Wrap Fee Programs will be one-fourth of the annual rate. Accounts will be subject to any minimum fee specified in the Client Agreement. The fee will be payable quarterly in advance. The initial fee ("Initial Fee") will be calculated as of the date the Client Agreement is accepted by Sendero (the "Commencement Date"). The Initial Fee will cover the period from the Commencement Date until the last day of the initial calendar quarter. The Initial Fee will be

calculated proportionately with respect to the number of days in the initial billing period, and will be based on the market value of the client's assets on the Commencement Date. Thereafter, the quarterly fee will be calculated based on the market value of the client's assets as of the last day of the preceding calendar quarter. The quarterly fee will become due on the first business day of the following calendar quarter, and will be deducted from the account shortly thereafter.

The Wrap Fee Program covers Sendero's investment advisory services, the Portfolio Manager's asset management services, the custody and execution of transactions through the Broker-Dealer, and reporting as described in this brochure. The portion of the Wrap Fee paid to Portfolio Managers generally ranges from 0.30% to 1.50% depending on the asset class traded and/or strategy employed by the Portfolio Manager. The Wrap Fee does not cover brokerage commissions or other charges resulting from transactions not effected through our clearing firm, and does not cover certain costs or charges that may be imposed by other Broker-Dealers, including margin interest, costs associated with exchanging foreign currencies, odd-lot differentials, Securities and Exchange Commission ("SEC") fees, transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law. The Wrap Fee does not cover "mark-ups" and "mark-downs" that other broker-dealers may receive or "dealer spreads" that the Broker-Dealer or other broker-dealers may receive when acting as principal in certain transactions. The Wrap Fee does not cover the annual fee that the Custodian charges for IRA accounts or certain other retirement plans.

The Advisory Wrap Fee Program covers Sendero's investment advisory services and reporting as described in this brochure as well as the custody and execution of transactions through the Broker-Dealer. The Advisory Wrap Fee Program does not include the Portfolio Manager's asset management services fee. The Advisory Wrap Fee does not cover certain costs or charges that may be imposed by the Broker-Dealer, including margin interest, costs associated with exchanging foreign currencies, odd-lot differentials, Securities and Exchange Commission ("SEC") fees, transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law. The Advisory Wrap Fee does not cover "mark-ups" and "mark-downs" that other broker-dealers may receive or "dealer spreads" that the Broker-Dealer or other broker-dealers may receive when acting as principal in certain transactions.

For clients choosing Non-Wrap Fee, the advisory fee covers Sendero's investment consulting services and reporting as described in this brochure. No other charges are covered by the Non-Wrap Fee Program including the Portfolio Manager's asset management services, the custody and execution of transactions through the Broker-Dealer. The Non-Wrap Fee does not cover certain costs or charges that may be imposed by the Broker-Dealer, including margin interest, costs associated with exchanging foreign currencies, odd-lot differentials, Securities and Exchange Commission ("SEC") fees, transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law. The Non-Wrap Fee does not cover "mark-ups" and "mark-

downs” that other broker-dealers may receive or “dealer spreads” that the Broker-Dealer or other broker-dealers may receive when acting as principal in certain transactions.

If a client chooses to use a Portfolio Manager that is not an approved Sendero Portfolio Manager, that client will not receive the full range of consulting services described in this brochure with respect to that Portfolio Manager. Sendero is not responsible for reviewing Portfolio Managers that are not on their approved platform or for communicating any information about those Portfolio Managers to any client. Clients may pay the full Advisory Fee to Sendero with respect to assets invested with Portfolio Managers not on the Sendero platform, even though a client does not receive from Sendero all of the services that the client would receive with respect to Sendero approved Portfolio Managers.

Clients generally may make additions into an account at any time, subject to Sendero’s right to terminate the account. Additions may be in cash or marketable securities of any kind, provided that Sendero and the applicable Portfolio Manager reserve the right to decline to accept particular securities into an account. Sendero may accept other types of investments for deposit in its sole discretion. Clients generally may withdraw assets within ten (10) days’ upon written notice to Sendero, subject to usual and customary securities settlement procedures. A pro-rated fee may be charged on contributions to cover the period of time from the date of deposit until the last calendar day of the calendar quarter. Similarly, a pro-rated fee reduction may be made on withdrawals from an account during a billing period, to reflect the period of time from the date of withdrawal until the end of the billing period.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Sendero does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

ITEM 7 – TYPES OF CLIENTS

Sendero provides investment advisory and brokerage services to select high net worth individuals, families, endowments and charitable organizations.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Designing The Right Mix

First, we become familiar with the client's entire scope of assets. Then we blend investments that diversify exposure and reduce the volatility of returns. We typically complement the core portfolio with appropriate non-correlated asset class investments. Every Sendero client has a different combination of assets, investment goals and risk/return thresholds – we embrace this and customize each portfolio.

Select Managers that “Play Well” Together

We focus on small- to mid-tier managers with significant portions of their personal wealth invested in their strategy. We start with historical returns and portfolio characteristics and move quickly to a more personal understanding of the people behind the data. We select managers based on their track record as well as

their passion and clear vision of how to add value to their investment style. We then combine them with other managers that complement their security selection.

Always Perfecting The Strategy

We are an advocate for each client, focused on the investment environment and how it will impact the investment strategy. We then provide recommendations that position our clients to protect their wealth and grow it responsibly in all market conditions.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Investing in securities involves risk of loss that clients should be prepared to bear.

ITEM 9 – DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Sendero or the integrity of Sendero's management.

Sendero has no activity or information applicable to this Item.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Scott McMillian is the Chief Executive Officer and Fred Middleton is the Chairman of Sendero and, as such, manage the investment advisory activities of the firm. However, they are also registered representatives of the Broker Dealer. Likewise, Lisa Kahn-Smith, Thomas Carter, Tara Maxwell, Kate Hall, Brenda Allen, Colin Boddicker, Amaury Conti, Edward Hart, Stan Stevenson, and George Watson, III., are all registered representatives of the Broker Dealer. In their separate capacities as registered representatives, these individuals are able to effect securities transactions for advisory clients, for which these individuals could receive separate and additional compensation. Clients, however, are not under any obligation to engage these individuals when considering the purchase/sale of securities.

ADDITIONAL COMPENSATION

Mutual Funds Charges

To the extent mutual funds are selected by Sendero to fill components of a client's overall investment strategy, Sendero endeavors to purchase such mutual fund shares at net asset value or no load. To the extent Sendero is successful in doing so, its clients will not be subject to any initial distribution cost (front-end sales charge) or redemption fee (back-end sales charge), if any, that might normally be incurred upon

the purchase or sale of shares of mutual fund shares. However, Sendero or its managing members may receive Rule 12b-1 or shareholder servicing fees from the issuers of such mutual funds, and this will be in addition to any other compensation payable to Sendero described herein.

Cash and Money Market Funds

Certain money market, municipal money market and government money market funds in which such client's assets are invested may pay the Broker Dealer, in its capacity as broker-dealer, a distribution fee. The Broker Dealer may also receive additional compensation based on client account balances being held in cash. Cash balances may arise from the sale of securities, redemption of debt securities, dividend and interest payments, and funds received from clients. Such compensation will be in addition to any other compensation payable to the Broker Dealer described herein. And in turn, the Broker Dealer may pay the managing members of Sendero these compensation amounts.

Margin

The Broker Dealer may receive compensation based upon the margin (debt) balances maintained in such client's account. Margin (debt) balances may arise when a client or Portfolio Manager elects to purchase securities in excess of the cash balances available in the account. Margin (debt) balances may also arise if a client elects to borrow money from their account, using the securities therein as collateral. And in turn, the Broker Dealer may pay the managing members of Sendero these compensation amounts.

Referral Arrangements

Sendero has, and from time to time may, recommend to their clients investments with investment managers, or in investment funds, with which Sendero has established a referral relationship through the Broker Dealer. Such referral relationships result in the receipt by the Broker Dealer from such investment managers or investment funds of a portion of the fees earned by such investment managers, or investment funds, in connection with the investment made by the referred client. It is important to note that the fees payable to the Broker Dealer in connection with such referral relationships are not payable by Sendero's clients (either directly or indirectly from their investment with such investment managers or in such investment funds), but rather are payable out of the fees earned by such investment managers and investment funds. If a client invests their assets with an investment manager or in an investment fund from whom the Broker Dealer receives a referral fee, the client will either (x) not be charged a fee in connection with such investment, or (y) receive a credit against fees payable to the Broker Dealer or Sendero in the amount of all or a portion of the compensation the Broker Dealer or Sendero receives in connection with such investment, in each case for as long as Sendero continues to provide investment advisory services to such client in connection with such investment. Prior to making an investment with an investment manager, or in an investment fund, from which Sendero receives a referral fee, each client will be furnished with a disclosure statement consistent with Rule 206(4)-3(b) of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

Clients should be aware that the receipt of additional compensation by Sendero and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Sendero endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- Sendero discloses to clients the existence of all material conflicts of interest, including the potential for Sendero and our employees to earn compensation from advisory clients in addition to advisory fees;
- Sendero discloses to clients that they are not obligated to purchase recommended investment products from employees or the investment managers or investment funds;
- Sendero collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Sendero management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- Sendero requires that its employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- Sendero periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by Sendero; and
- Sendero educates our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

ITEM 11 – CODE OF ETHICS

Sendero has adopted a Code of Ethics for each employee of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at Sendero must acknowledge the terms of the Code of Ethics annually, or as amended.

Sendero anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Sendero has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Sendero, its affiliates and/or clients, directly or indirectly, have a position of interest. Sendero's employees and persons associated with Sendero are required to follow Sendero's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Sendero and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Sendero's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Sendero will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based

upon a determination that these would materially not interfere with the best interest of Sendero's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, to reasonably prevent conflicts of interest between Sendero and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Sendero's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Sendero will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Sendero's clients or prospective clients may obtain a copy of the firm's Code of Ethics at www.sendero.com.

It is Sendero's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Sendero will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

ITEM 12 – BROKERAGE PRACTICES

Sendero does not have any soft dollar arrangements.

Investment or Brokerage Discretion

Sendero does not have any type of arrangements with other broker/dealers that would provide us with any type of products or services in exchange for trade execution.

Sendero may consider a number of factors in recommending other brokers/dealers to its clients, including, for example, transaction costs, price, clearance, settlement, ease of execution and integration with existing Sendero systems, systems for monitoring client investments and regulatory compliance,

reputation, financial strength and stability. Sendero may, and expects to, recommend that its clients utilize Sendero Securities, LLC (the “Broker Dealer”) brokerage services, in its capacity as a broker-dealer with whom managing members of Sendero are affiliated as registered representatives. Sendero Wealth Management and Sendero Securities are both 100% owned by Sendero Partners, of which, Fred Middleton and Scott McMillian are controlling beneficial owners. As a result, managing members of Sendero may receive compensation in connection with the brokerage services the Broker Dealer provides to advisory clients in addition to any advisory fees it may receive from such client.

For both Sendero Wrap and Non-Wrap accounts that utilize Portfolio Managers, the Portfolio Manager has the ability to execute transactions away from the Broker-Dealer, When a transaction is executed through a broker or dealer other than Sendero Securities, LLC, clients may incur a transaction fee, commission, and/or other charges that will be in addition to the fee charged by Sendero. The other broker or dealer shall be entirely responsible for the execution and clearance of these transactions.

ITEM 13 – REVIEW OF ACCOUNTS

Assets for which Sendero is providing investment advisory services, unless otherwise specified by the client, are monitored on a systematic basis and are reviewed at least annually by a principal or other person designated by the firm to ensure that investment advice is consistent with the client’s stated investment objectives. Notwithstanding the above, more active accounts and larger accounts may be reviewed on a more frequent basis.

The nature and frequency of reports to clients are determined primarily by their particular needs. Generally, clients are issued reports at least quarterly, which are intended to demonstrate the performance of account assets as well as provide an asset holding summary and contribution/withdrawals for the relevant period. Clients will also receive brokerage transaction confirmations and monthly and/or quarterly account statements from the custodians of their assets.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

If a solicitor introduces a client to Sendero, Sendero may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and the rules set forth by the respective state jurisdictions. Any such referral fee shall be paid solely from the fees earned by Sendero hereunder, and shall not result in any additional charge to the client. If the client is introduced to Sendero by a solicitor, the solicitor shall provide the client with a copy of this Form ADV Part II and a copy of the disclosure statement containing the information set forth in Rule 206(4)-3(b) of the Advisers Act.

ITEM 15 – CUSTODY

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Sendero urges the client to carefully review such statements and compare such official custodial records to the reports that we may provide to the client. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Sendero does not have custody of any client's assets.

ITEM 16 – INVESTMENT DISCRETION

Sendero does not receive discretionary authority from our clients to purchase or sell securities within a client portfolio.

When making recommendations to clients for their approval in non-discretionary portfolios, Sendero observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions are provided to Sendero in writing.

ITEM 17 – VOTING CLIENT SECURITIES

Sendero will not take any action or render any advice to any client or any account under our advisory agreement with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held. Clients generally delegate discretion to voting such proxies to Portfolio Managers. The manner in which a specific Portfolio Manager addresses conflicts related to proxy voting is set forth in that Portfolio Manager's individual proxy voting procedures, which will be provided upon request to clients who select the Portfolio Manager. The Custodian will forward to the client, or any person designated by the client, any proxy materials that they receive pertaining to securities held in the account(s). Clients may contact Sendero in the event they wish to know how their proxies were voted by the applicable Portfolio Manager on their behalf.

Neither Sendero nor any Portfolio Manager shall render any advice or take any action on behalf of clients with respect to securities or other investments held in any account, or the issuers thereof, that become the subject of any legal proceedings, including bankruptcies. Clients retain the right and obligation to take such legal action relating to the securities held in their account(s).

ITEM 18 – FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Sendero's financial condition.

Sendero has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.