

Part 2A of Form ADV: *Firm Brochure*

Sagent|Wealth Management

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March 28th, 2017

This brochure provides information about the qualifications and business practices of Sagent Wealth Management. If you have any questions about the contents of this brochure, please contact us at (949) 756-2229 or Info@SagentWM.com. The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Sagent Wealth Management also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 147890.

Item 2 Material Changes

In this section, Sagent Wealth Management provides information on material changes since our last update to our Firm Brochure dated January 18, 2016

- Assets under management
 - On April 11, 2016 Sagent Wealth Management (SWM) reported assets under management of \$96,433,391. As of December 31, 2016, SWM's fiscal year close, SWM had assets under management of \$100,557,022
- Change in Ownership
 - On May 9, 2016 SWM exercised its option to purchase from the Sagent Private Investment Fund I (SPIF), the 20% equity interest that SPIF held in SWM leaving Sagent Capital, LLC as the sole owner of SWM.
- Disciplinary Information
 - SWM and Marshall Eichenauer are the subject of an investigation by the Securities and Exchange Commission and more fully described in Item 9 Disciplinary Information.

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Item 4 Advisory Business

Sagent Wealth Management is an SEC-registered investment adviser with its principal place of business located in Laguna Beach, California. Sagent Wealth Management began conducting business in 2008.

Listed below are the firm's principal owners;

- ☐ Sagent Capital, LLC - 100%

Sagent Wealth Management offers the following advisory services to our clients:

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides Individual Portfolio Management services to clients whereby we will construct a portfolio of investments that is unique to each client.

These Individual Portfolios can be managed on either a discretionary or non-discretionary basis.

The process for constructing these Individual Portfolio begins with a personal client interview and a review of their available financial documentation. We then use this information to determine the client's Investment Experience, Investment Time Horizon, Income Needs, Financial Objectives, Risk Attitude, Household Income, Assets, Liabilities, Age and Family Composition.

During this process, clients may impose reasonable restrictions on the portfolio including limitations on certain securities, types of securities, industry sectors, and asset allocation.

Based on this information, we recommend, create and manage Individual Portfolios that are suitable for each client.

Our Individual Portfolios are not limited to any specific product offered by a broker-dealer, insurance company or other vendor and will generally include, but are not necessarily limited to, one or more of the following securities:

- ☐ Exchange-listed stocks and funds
- ☐ Corporate debt securities
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ Mutual funds

- ☐ United States governmental securities
- ☐ Options contracts on securities
- ☐ Alternative Investments, including but not limited to: managed futures funds, hedge funds, and private equity funds.

Once a client's Individual Portfolio has been established, we review the portfolio periodically, and, when necessary, make changes to the portfolio based on the client's needs and circumstances as well as changes in economic conditions. We will also:

- ☐ at least annually, contact each participating client to determine whether there have been any changes that warrant a modification to the portfolio,
- ☐ be reasonably available to consult with the client; and
- ☐ maintain client suitability information in each client's file.

MODEL PORTFOLIO MANAGEMENT

Our firm also provides Model Portfolio Management services to clients. Model portfolios are generally invested in similar securities but have varying asset allocations to provide a range of portfolios for clients to choose from, each with differing risk characteristics.

These Model Portfolios are only managed on a discretionary basis.

The process for selecting a suitable Model Portfolio for a client begins with a personal client interview and a review of their available financial documentation. We then use this information to determine the client's Investment Experience, Investment Time Horizon, Income Needs, Financial Objectives, Risk Attitude, Household Income, Assets, Liabilities, Age and Family Composition.

Clients are limited in their ability to place restrictions on the Model Portfolios. Specifically they are precluded from placing limitations on certain securities, types of securities, industry sectors and asset allocation. Instead, clients choose from the available Model Portfolios, each with different risk characteristics and we periodically adjust the investments and asset allocation of the portfolio, based on current economic conditions in an effort to maintain its specific risk characteristics.

Sagent Total Return Portfolios (\$50,000 account minimum): a series of portfolios, typically with similar securities but with varying asset allocations, designed for a range clients, based on the individual level of risk they are willing to accept. The portfolios have as their primary goal; to minimize losses in weak markets, maximize

returns in strong markets and maximize returns for the client's stated risk tolerance. The portfolios are usually comprised of open-end mutual funds and exchange traded funds but can also include other securities, including but not limited to:

- ☐ Corporate debt securities
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ United States governmental securities
- ☐ Options contracts on securities
- ☐ Alternative Investments, including but not limited to: managed futures funds, hedge funds, and private equity funds

Sagent Total Return Portfolios-Small (No Account Minimum): a series of portfolios with identical risk and return goals as that of the Sagent Total Return Portfolios, but constructed primarily of certain open-end mutual funds that have lower transactional costs (costs associated with buying and selling) but potentially higher annual expenses than other open-end mutual funds. They may also invest in other securities including but not limited to:

- ☐ Corporate debt securities
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ United States governmental securities
- ☐ Options contracts on securities
- ☐ Options contracts on commodities
- ☐ Alternative Investments, including but not limited to: managed futures funds, hedge funds, and private equity funds

Once a client's Model Portfolio has been selected, we periodically review client's needs and circumstances to determine if it is still suitable. We will also:

- ☐ at least annually, contact each participating client to determine whether there have been any changes that warrant a change to a different Model Portfolio or Individual Portfolio,

- ☐ be reasonably available to consult with the client; and
- ☐ maintain client suitability information in each client's file.

THIRD-PARTY ADVISORY SERVICES

Our firm provides Third Party Advisory Services whereby we will recommend Third Party Money Managers who will buy and sell securities in the client's individual brokerage account, based on specific criteria that are agreed upon between the client and the Third Party Money Manager.

These Third Party Managers manage these accounts solely on a discretionary basis.

The process for recommending a suitable Third Party Manager for a client begins with a personal client interview and a review of their available financial documentation. We then use this information to determine the client's Investment Experience, Investment Time Horizon, Income Needs, Financial Objectives, Risk Attitude, Household Income, Assets, Liabilities, Age and Family Composition.

Based on this information, we recommend a Third Party Manager that is suitable for each client.

Third Party Managers can invest in a variety of securities including, but not necessarily limited to, one or more of the following securities:

- ☐ Exchange-listed stocks and funds
- ☐ Corporate debt securities
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ Mutual funds
- ☐ United States governmental securities
- ☐ Options contracts on securities
- ☐ Alternative Investments, including but not limited to: managed futures funds, hedge funds, and private equity funds.

Once a Third Party Manager has been recommended, we review the Third Party Manager periodically, and, when necessary, make change Third Party Managers or move the funds to

an Individual Portfolio or Model Portfolio. We will also:

- ☐ at least annually, contact each participating client to determine whether there have been any changes that warrant a change,
- ☐ be reasonably available to consult with the client; and
- ☐ maintain client suitability information in each client's file.

ASSETS UNDER MANAGEMENT

As of December 31, 2016 SWM managed the following assets;

	Accounts	Amount
<u>Held at Charles Schwab:</u>		
Non-Discretionary	10	\$21,873,788
Discretionary	<u>282</u>	<u>\$69,623,814</u>
Schwab Total	292	\$91,497,602
<u>Held with other Custodians:</u>		
Non-Discretionary	<u>1</u>	<u>\$ 9,059,420</u>
TOTAL	297	\$100,557,022

Item 5 Fees and Compensation

WEALTH MANAGEMENT FEE

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.65% to 1.50%.

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$499,999	1.50%
\$500,000 - \$999,999	1.25%
\$1,000,000 - \$2,999,999	0.90%
Greater than \$3,000,000	0.65%

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account on the last business day of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Wealth Management Agreement.

Should a client choose to terminate their relationship with the firm, a refund of the unearned fees will be returned to the client. This refund shall be calculated by first determining the number of days remaining in the billing period, from the time the client notifies the firm in writing that they will be terminating their relationship until the end of the billing period (the Numerator) and dividing it by the total number of days in the billing period (the denominator), then multiplying this fraction by the total fees billed to client for the period.

Limited Negotiability of Advisory Fees: Although Sagent Wealth Management has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include, but are not limited to, the complexity of the client relationship, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

OTHER ADDITIONAL FEES

Mutual Fund Fees: All fees paid to Sagent Wealth Management for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's

prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Third Party Manager Fees: Clients who utilize Third Party Managers for the management of their accounts will pay fees to these manager which are in addition to any Wealth Management Fees paid to Sagent Wealth Management. When considering a Third Party Manager, the fees that they charge will be presented to the client in advance of their decision so that they can make an informed decision.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered.

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

Sagent Wealth Management does not charge performance-based fees.

Item 7 Types of Clients

Sagent Wealth Management provides advisory services to the following types of clients:

- ☐ Individuals
- ☐ Corporations and other businesses
- ☐ Family Trusts
- ☐ Non-profit organizations
- ☐ Family Offices

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

METHODS OF ANALYSIS

We may use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equities, fixed income, and cash will change over time due to market movements and, if not corrected, will no longer be appropriate for the client's goals. This risk can be mitigated by periodically rebalancing the portfolio back to a base asset allocation.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Third-Party Money Manager Analysis. We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

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, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these

securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for one to three years or longer. Typically we employ this strategy when:

- ☐ we believe the securities to be currently undervalued, and/or
- ☐ we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. Although we reserve the right to utilize Short-term purchases as an investment strategy, this strategy is currently not one that we employ on a regular basis in the course of managing our client's portfolios.

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit. Although we reserve the right to utilize Short sales as an investment strategy, this strategy is currently not one that we employ on a regular basis in the course of managing our client's portfolios.

Margin transactions. We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings. Although we reserve the right to utilize Margin transactions as an investment strategy, this strategy is currently not one that we employ on a regular basis in the course of managing our client's portfolios.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

Although we reserve the right to utilize Option writing as an investment strategy, this strategy is currently not one that we employ on a regular basis in the course of managing our client's portfolios.

Item 9 Disciplinary Information

Sagent Wealth Management (SWM) and all Registered Investment Advisors are subject to inspections and examinations by the Office of Compliance Inspections and Examinations (OCIE) of the Securities and Exchange Commission. As described on their website, "OCIE serves as the "eyes and ears" of the SEC." They, "conduct examinations of regulated entities to promote compliance, prevent fraud, identify risk and inform policy." ⁱ

Most Registered Investment Advisors are periodically the subject of an inspection and examination by the OCIE. These inspections and examinations can be of a routine nature or

they may be based on specific areas that OCIE is focusing on. The reason why a Registered Investment Advisory firm has been selected for an inspection and examination is non-public information and typically will not be shared by the OCIE.ⁱⁱ

In June of 2015, SWM was notified that it would be the subject of an inspection and examination by OCIE. Over the course of the next year, SWM met with OCIE and provided them copies of financial statements, trading files, legal documents, emails and other documents that they requested, pertaining to SWM, Sagent Capital (the owner of SWM), Sagent Private Investment Fund I (a private investment fund that was formed in 2010 and liquidated in 2016) and Sagent Fund Management (the Manager of the Sagent Private Investment Fund I).

After reviewing this material, the OCIE delivered to SWM a letter dated February 11, 2016 that addressed deficiencies and weaknesses for corrective action, that dealt predominantly with SWM's operational policies and procedures. Since receiving this letter, SWM has addressed these matters with OCIE and taken corrective action.

On August 15th, 2016, SWM received a second letter from the OCIE, that addressed deficiencies and weaknesses related to the Sagent Private Investment Fund I (SPIF). Since receiving this letter, SWM has proposed to OCIE corrective action to address the deficiencies and weaknesses identified in the August 15th 2016 letter. OCIE has not responded to SWM's proposed corrective actions but instead notified SWM that they are considering bringing charges for violations of securities laws, against SWM and/or Marshall Eichenauer, Jr..

These charges, in summary, relate to, but may not be limited to, loans that were made by SPIF to SWM between March of 2012 and January of 2015, and focus on, but may not be limited to, the following four events, which OCIE believes to have occurred, in violation of securities laws;

1. SPIF did not notify it's investors in advance that it intended to make the loans to SWM.
2. SPIF did not seek the approval of investors in advance, prior to making the loans to SWM.
3. SPIF did not indicate to investors that the loans can renew.
4. SPIF did not adequately describe to investors the purpose of loans.

Although SWM and Marshall Eichenauer are working diligently with OCIE to provide them context regarding these events, in hopes that they will either change their point of view and/or choose to settle the matter, without the need to bring charges, there is no assurance that SWM and Marshall Eichenauer will be successful in this endeavor.

Given the broad range of punitive actions that could be imposed by the Securities and Exchange Commission upon SWM and Marshall Eichenauer, from censures and monetary penalties to temporary and permanent bars from the securities industry, the threat of charges against SWM and Marshall Eichenauer for securities violations, creates added risk for clients

of SWM.

Item 10 Other Financial Industry Activities and Affiliations

Clients should be aware that the receipt of additional compensation by Sagent Wealth Management 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. Sagent Wealth Management 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:

- ☐ we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- ☐ we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- ☐ we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- ☐ our firm's 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;
- ☐ we require that our 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;
- ☐ we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- ☐ we educate 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, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Sagent Wealth Management and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the

Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Sagent Wealth Management's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to Info@SagentWM.com, or by calling us at (949) 756-2229.

Sagent Wealth Management and individuals associated with our firm are prohibited from engaging in principal transactions.

Sagent Wealth Management and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be excluded from the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have

established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

No principal or employee of our firm may put his or her own interest above the interest of an advisory client.

1. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
2. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
3. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
4. We have established procedures for the maintenance of all required books and records.
5. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. We require delivery and acknowledgment of the Code of Ethics by each supervised person of our firm.
7. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
8. Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

The Custodian and Brokers We Use

Sagent Wealth Management ("we"/"our") does not maintain custody of your assets [that we manage/on which we advise], although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We [recommend/ request/require] that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when [we/you] instruct them to. While we [recommend/request/require] that you use Schwab as custodian/broker, you will

decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. [If you do not wish to place your assets with Schwab, then we cannot manage your account.] [Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor.] Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

How We Select Brokers/Custodians

We seek to [select/recommend/use] a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from Schwab”)

Your Brokerage and Custody Costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. [For some accounts, Schwab may charge you a percentage of the dollar amount of assets in the account in lieu of commissions.] [Schwab’s [commission rates [and] asset-based fees] applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$50,000,000 of their assets in accounts at Schwab.] This commitment benefits you because the overall [commission rates [and] asset-based fees] you pay are lower than they would be otherwise. In addition to [commissions [and] asset-based fees], Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the

securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

Products and services Available To us from Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of Schwab’s support services:

Services that benefit you. Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

Services that may not directly benefit you. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events

- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest In Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. [These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody.] We may have an incentive to [recommend/request/require] that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

Soft Dollar Benefits

Soft dollars generally refers to arrangements whereby a discretionary investment adviser is allowed to pay for and receive research, research-related or execution services from a broker-dealer or third-party provider, in addition to the execution of transactions, in exchange for the brokerage commissions from transactions for client accounts.

Sagent Wealth Management, as a matter of policy and practice, does not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

Client Referrals from Broker-Dealers

In certain circumstances, a broker-dealers may refer clients to an Investment Advisor in return for that advisor directing those clients to use that broker-dealer.

Sagent Wealth Management does not currently, nor has it ever participated in these client referral relationships from broker-dealers

Directed Brokerage

Directed Brokerage is when an advisory clients instructs and adviser to direct commission business to a particular broker.

It is Sagent Wealth Management's firm policy and practice to not accept advisory clients' instructions for directing a clients' brokerage transactions to a particular broker-dealer

Aggregation and Trade Sequencing

When it is feasibly possible to do so in a timely manner, it is our firm's policy to aggregate client's transactions. In these instances, clients participating in the aggregated transactions will receive the same average share price.

As described in the Discretionary Model Portfolios section of our Policies and Procedures Manual, Sagent Wealth Management manages five discretionary portfolios for small accounts and five discretionary portfolios for large accounts. When investment changes and/or allocation changes occur to these model portfolios, at least five of the model portfolios will be affected and often times all ten.

Given our firm's current technological and staffing constraints it is often not feasibly possible to aggregate all the trades for five model portfolios (or ten in some cases) in a timely manner. Therefore, in these circumstances, it is the firm's policy to aggregate the trades for each model portfolio and to submit those trades for each portfolio sequentially, after the aggregation process for each portfolio has been completed.

Using this system, all accounts that participate in a specific model portfolio will receive the same executions prices. However, execution prices may vary from model portfolio to model portfolio.

In order to avoid discriminating against a particular model portfolio, the sequence for aggregating and submitting the trades for each portfolio shall be based on a random selection process, utilizing a Random Sequence Generator to determine the order that the model portfolios will be aggregated and traded.

Item 13 Review of Accounts

Client accounts and financial plans are reviewed at least annually. Clients are invited to participate in these reviews either via face to face meeting, web conference or telephone.

In addition, positions held in Model Portfolios are reviewed on a regular basis by Marshall Eichenauer.

Item 14 Client Referrals and Other Compensation

It is Sagent Wealth Management's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 15 Custody

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account [or if you grant us authority to move your money to another person's account]. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements with the periodic Portfolio Reviews that you will receive from us.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, SWM provides quarterly Portfolio Reviews to clients, reflecting the holdings, portfolio asset allocation and time weighted returns for each of their accounts.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- ☐ determine the security to buy or sell; and/or
- ☐ determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Item 18 Financial Information

As an advisory firm that maintains discretionary authority for client account we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. At this time, there is no financial condition that is reasonably likely to impair our ability to meet our contractual obligations to our clients.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Sagent Wealth Management has not been the subject of a bankruptcy petition at any time during the past ten years.

ⁱ 2017-01-12 National Exam Program, Office of Compliance Inspections and Examinations, Examination Priorities for 2017

ⁱⁱ 2017-01-17 U.S. Compliance Consultants FAQs