

# SENTINEL

WEALTH MANAGEMENT

Form ADV Part 2A

## INVESTMENT ADVISER BROCHURE

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**March 29, 2024**

### **Item 1: Cover Page**

This Form ADV Part 2A ("Brochure") gives information about Sentinel Wealth Management, Inc. ("Sentinel"), a registered investment adviser, and its business for the use of clients and prospective clients. If you have any questions about the contents of this Brochure, please contact Sentinel using one of the methods listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment adviser and does not imply a certain level of skill or training.

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

### **Item 2: Material Changes**

This section of the Brochure is designed to inform investors of any material changes made to the Brochure since its last annual update. There have been no material changes since the last update dated March 17, 2023.

Within 120 days of its fiscal year end, Sentinel will deliver its annual Summary of Material Changes if there have been material changes since the last annual updating amendment.

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### Item 4: Advisory Business

#### Advisory Firm

Sentinel Wealth Management, Inc. ("Sentinel") is a Virginia corporation formed and registered as an Investment Advisory Firm in 2002. Sentinel is owned by J. Mark Joseph, CFP®, CPA, PFS, ChFC, CLU.

Sentinel helps clients manage their financial lives by providing financial counsel and investment management. Sentinel has expertise in financial planning and investment management and serves a limited number of clients whose needs and philosophy mesh with Sentinel's experience, expertise and services. Sentinel strives to provide independent and objective financial advice and investment management. Sentinel works to understand its clients' needs and objectives through various means, including interviews and questionnaires to manage its clients' investment portfolios accordingly.

All agreements and disclosures required to be provided under the Investment Advisers Act of 1940 may be provided electronically, including amendments, notices, agreements, and all information, which supplement the client's Engagement Agreement for all current and future client accounts. This may include, but not be limited to, investment reports, fee statements (which detail the calculation of fees), and notices and other communications or disclosures, including Sentinel's annual offer of this Brochure. The client will provide a valid email address for such purposes.

#### Advisory Services

(1) Sentinel provides **Investment Management**. As of 12/31/2023, Sentinel manages \$ 308,506,661 of client assets on a discretionary basis.

Based on a client's investment objectives, risk tolerance, and general financial situation, Sentinel will help the client select an appropriate asset allocation strategy and will develop an Investment Policy Statement for the client. Sentinel will then implement the asset allocation for the client, generally using no-load mutual funds and Exchange Traded Funds ("ETFs").

Services are based on the individual needs of the client, who will have the opportunity to impose reasonable restrictions on the management of client assets. The client will have the ability to leave standing instructions with Sentinel to refrain from investing in particular securities or types of securities, or invest in limited amounts of securities. Clients receive timely confirmations and at least quarterly statements from the custodian / brokerage firm, containing a description of all transactions and account activities. In addition to custodial statements, Sentinel may provide clients electronic access (e.g., online client portal) to account-related information. The client will retain rights of ownership of all securities and funds in the account(s) to the same extent as if the client held securities and funds outside the program.

Quarterly, Sentinel will notify the client in writing to contact Sentinel if there have been changes in the client's financial situation or investment objectives, or to impose or modify reasonable restrictions on the management of client assets. Sentinel will also contact or attempt to contact the client at least annually on these matters. It is the client's responsibility to notify Sentinel during normal business hours when there are changes to the client's account(s), financial situation, or investment needs.

(2) Sentinel provides a **Financial Plan** consistent with an individual client's financial and tax status and risk/reward objectives. This service is at the client's request. Plans may be comprehensive, or segmented based on a client's need to focus on areas such as cash flow, investments, charitable giving, insurance, estate plans, education, and/or retirement. Plans are based on financial information disclosed by the client to Sentinel at a fixed point in time. Clients are advised that many forward-

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looking assumptions go into a Financial Plan that may or may not prove to be accurate. Sentinel cannot offer guarantees or promises that a client's financial goals and objectives will be met.

### Miscellaneous

#### **Retirement Rollovers**

Clients generally have four options to consider when transitioning from one employer to another or retiring:

- Leave assets in the former employer's plan, if permitted;
- Rollover assets to the new employer's plan, if one is available and rollovers are permitted;
- Rollover assets to an Individual Retirement Account (an "IRA"); or,
- Cash out assets (there may be tax consequences and/or penalties depending on client's age).

Should a client approach Sentinel for advice on which option would be the best for the client's situation, Sentinel faces an economic incentive to recommend rolling over the retirement account to a managed IRA account with Sentinel where Sentinel would earn a management fee on the assets. This can create a potential conflict of interest. Therefore, if Sentinel recommends that a client rollover a retirement account to an individually managed IRA account, the client is free to accept or reject the recommendation and, if accepted, is under no obligation to engage Sentinel to manage the assets. The client is free to have the assets managed by another investment management firm.

#### **Item 5: Fees and Compensation**

**Fees for Financial Plans** are quoted at a fixed fee based on the size, scope, and nature of each individual project, and will be determined prior to the commencement of the engagement. The fee generally ranges from \$0 to \$20,000. The fee is due and payable upon execution of the Engagement Agreement unless otherwise negotiated with the client.

**Fees for Investment Management** are computed at an annualized percentage of client assets under management ("AUM"), which may include individual or joint accounts, trusts, estates, or other accounts held by the client individually or in the operation of a business, on a sliding scale:

Market Value of Client AUM		Annual Fee
The first	\$ 1,000,000	1.00%
The next	\$ 2,000,000	.75%
The next	\$ 2,000,000	.50%
The next	\$ 5,000,000	.40%
The next	\$ 10,000,000	.25%
Amount above	\$ 20,000,000	.20%

For example: AUM totaling \$1,200,000 would be billed as follows: the first \$1,000,000 at 1.00% = \$10,000, and the next \$200,000 at .75% = \$1,500, for a total annual fee of \$11,500.

These fees are for Sentinel's Investment Management only and do not include any transaction fees or commissions, which may be charged separately by the custodian / brokerage firm. Sentinel does not share in any portion of such transaction fees or commissions. See the section heading Brokerage Practices for more information. Additionally, clients will pay mutual fund fees and expenses to any mutual funds they purchase. The mutual funds' fees and expenses are **not** shared with Sentinel. Therefore, the client will pay several levels of fees. One for Sentinel's services, one for the custodian / brokerage firm and one for the services of the mutual fund managers.

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The Investment Management fee is payable quarterly in advance and will be assessed pro-rata in the event the Engagement Agreement is executed before the first day of the next calendar quarter. The first payment will be collected directly from the client's account(s) at the time of Sentinel's regular billing scheduled for the beginning of the next calendar quarter. Subsequent payments are due and will be assessed on the first day of each calendar quarter based on the market value of the client's AUM as of the last day of the previous calendar quarter. If there are not sufficient funds in a client's account(s) to pay the Investment Management fee, Sentinel has authority to sell or redeem securities in sufficient amounts to pay the Investment Management fee. Client may reimburse the account(s) for Investment Management fees paid to Sentinel, except for ERISA and IRA accounts.

Once a client account is opened, additional assets deposited into and withdrawn from the account will be charged, or refunded, a pro-rata fee based upon the number of days remaining in the then current calendar quarter. Generally, no fee adjustment will be made for a deposit or withdrawal that results in a fee adjustment of less than \$200. If the market value of total client AUM falls below the minimum requirement, Sentinel reserves the right to terminate Investment Management.

The Investment Management fees will be collected directly from the client's account(s). Clients will be provided with an invoice from Sentinel for the Investment Management fee. The custodian / brokerage firm will also provide periodic account statements to the client that will reflect all fee withdrawals by Sentinel. It is the client's responsibility to verify the accuracy of the fee calculations. The custodian / brokerage firm will not determine if the fees are properly calculated.

Fees are not negotiable. Some clients may be grandfathered under different fee schedules and/or different fee calculation methods. Sentinel employees (and their spouses and children) pay no Investment Management fee to Sentinel for Investment Management. Fees are not collected for services to be performed more than six months in advance.

Investment Management will continue until either party terminates the Engagement Agreement on ten (10) business days' written notice or will continue until the end of the quarter if notice is given within ten (10) business days of the end of the quarter. If termination occurs prior to the end of a calendar quarter, a pro-rata refund of unearned fees will be made to the client.

For Financial Plans, the client may terminate the Engagement Agreement at any time and a refund of the unearned fees will be made based on time and effort expended before termination. The Engagement Agreement for Financial Plans terminates upon delivery of the plan or services. At that point, no refunds will be made.

The Engagement Agreement contains a pre-dispute arbitration clause. Client understands that the agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such a waiver would be void under federal securities laws. Arbitration is final and binding on the parties.

### **Item 6: Performance-Based Fees and Side-By-Side Management**

Sentinel does not charge performance-based fees, based on capital gains in the client's account(s).

### **Item 7: Types of Clients and Minimum AUM**

Sentinel provides advisory services to individuals, trusts, estates, corporations, and retirement plans.

The minimum market value of all client AUM is generally \$1,000,000. However, under certain circumstances, Sentinel may waive the minimum AUM requirement.

There is no minimum fee for Investment Management or Financial Plans.

## **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

Sentinel develops client portfolios using Modern Portfolio Theory as the basis for portfolio construction. Rather than only looking at the risk on an individual security level, Sentinel examines the risk of the client's portfolio as a whole. When considering a security for the client's portfolio, Sentinel does not base its decision solely on the amount of potential risk or return it carries. Instead, Sentinel considers how that security affects the overall risk of the portfolio. Sentinel will develop an Investment Policy Statement ("IPS") for each client.

By its nature, financial planning looks to the long-term. For clients engaging Sentinel for a financial plan, the client's short-term cash needs and emergency fund are evaluated, and then investment and insurance strategies are designed to help the client achieve his or her financial goals. Sentinel does not provide advice on property, casualty, or liability insurance needs. Clients should work with an outside casualty firm to address these needs.

Sentinel cautions clients and potential clients that investing in securities involves risk of loss. Although Sentinel does its best to minimize it, clients should be prepared to bear losses when they occur. While there is risk in all investments, some carry a greater degree of risk or higher costs. While diversification can reduce risk, there are times when virtually all asset classes can decline at the same time, especially in the short-term (three years or less).

There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read each prospectus in full.

Sentinel is disclosing those risks and opportunities associated with its investment strategy or for particular types of securities used.

### Mutual Funds

Mutual Funds are investment pools, which may include money market instruments, stocks, bonds, or other investment vehicles. Professional money managers research, select, and monitor the performance of the securities the fund purchases. It is easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds. Even with no-load or load-waived funds, there are mutual fund expenses paid to the fund company. Mutual funds redeem shares at net asset value ("NAV") at the end of the trading day.

When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. In addition to owing taxes on any personal capital gains when the investor sells shares, the investor may also have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if the fund sells securities for a profit that cannot be offset by a loss. This differs from holding individual stocks or bonds where the investor will not have to pay any capital gains tax until the investor actually sells and unless the investor makes a profit.

### Stocks (and Stock Mutual Funds)

Stock represents ownership in a company. If the company prospers and grows, the value of the stock should increase. Even if a company is profitable, the stock prices are subject to "market risk" which is attributable to investor attitudes. Stock prices can fluctuate for a broad range of reasons - such as the overall strength of the economy or demand for particular products or services. Stock ownership in more established companies is more conservative, while younger companies provide the most risk

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and reward opportunities. Although a stock's value can rise and fall quickly over the short term, historically stocks have performed better over the long term than other types of investments – including bonds and money market funds.

### Bonds (and Bond Mutual Funds)

Debt Securities (corporate or municipal bonds) are promissory notes that pay interest and the return of principal at the end of a specified term. Credit risk is the chance the issuer will fail to pay interest payments on the security or to pay the principal at maturity. Interest rate risk is that the market value of the bonds will go down when interest rates go up. Prepayment risk is the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off its debt. When this happens, the investor may not be able to reinvest the proceeds in an investment with as high a return or yield. High Yield Bonds have a lower credit rating than investment-grade bonds. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds.

### Exchange-Traded Funds (“ETFs”)

ETFs hold securities to match the price performance of a certain market index or commodity price. ETFs can track stock indexes and sectors, bonds, and precious metals. ETFs are subject to the same market risks as the index or sector they are designed to track. ETFs can be bought and sold throughout the day like stocks. ETFs may be an index fund or a fully transparent actively managed fund. Certain ETFs are relatively easy to understand, while others may have unusual or complex strategies. For example, “leveraged ETFs” seek to achieve performance equal to a multiple of an index after fees and expenses. These ETFs seek to achieve their investment objective on a daily basis only, potentially making them unsuitable for long-term investors. “Inverse ETFs” use various derivatives to prove from the decline in value of an underlying index or basket of assets.

### Index Funds

Index Funds are investment pools (e.g., mutual fund or ETF invested in stocks, bonds, or other investment vehicles) that aim to replicate the movements of an index of a specific financial market. The lack of active management generally gives the advantage of lower fees and lower taxes in taxable accounts. Of course, there are fees, reducing the return to the investor relative to the index. It is usually impossible to precisely mirror the index, as the models for sampling and mirroring, by their nature, cannot be 100% accurate. The difference between the index performance and the fund performance is known as the “tracking error.” By design, an index fund seeks to match rather than outperform the target index. Therefore, a good index fund with low tracking error will not generally outperform the index, but rather produces a rate of return similar to the index minus fund costs. An index fund does not have to follow a well-known index. There are thousands of index funds, leaving advisers to determine which fund best matches the client's risk capacity and investment objectives.

### Money Market Funds

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high-quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV) – representing the value of one share in a fund – at a stable \$1.00 per share. However, NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare but are possible. Money market funds pay dividends that generally reflect short-term interest rates, and historically returns for money market funds have been lower than for either bond



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or stock funds. That is why "inflation risk" – the risk that inflation will outpace and erode investment returns over time – can be a potential concern for investors in money market funds.

### Variable Annuities

A variable annuity is a contract between an investor and an insurance company, under which the investor makes a lump-sum payment or series of payments. In return, the insurer agrees to make periodic payments to the investor beginning immediately or at some future date. A variable annuity offers a range of investment options, and the value of the investment will vary depending on the performance of the underlying investments. Many variable annuities offer insurance and death benefits, as well as tax deferred growth of earnings. The fee and expense charges incurred in a variable annuity are usually higher than a mutual fund.

### Nonsystematic (Individual Securities) Risk

Individual stocks or bonds may underperform the market. Using broadly diversified mutual funds or ETFs that are internally diversified across a large number of individual securities minimizes individual securities risk. Sentinel's goal is to significantly reduce or eliminate individual securities risk whenever possible.

### Systematic (Market) Risk

Market risk relates to the tendency of broad securities markets to fluctuate and potentially lose value. If the client is invested in any particular market, no matter how well diversified, the client is going to be subject to market risk. Sentinel strives to minimize the risk of any one particular market by investing across different asset classes. During severe economic or financial crises, broad asset classes may decline simultaneously and asset allocation strategies may be limited in preventing losses, particularly in the short-term. That is why time is a significant part of Sentinel's risk strategy. Knowing that declines cannot be completely prevented or avoided, having sufficient time to wait out any market declines is incredibly important.

### Interest-Rate Risk

The value of bonds tends to move inversely with movements in interest rates. For example, bonds may decline in value when interest rates rise. Primarily using short and intermediate term bonds of investment grade quality, which are typically less volatile than longer-term bonds, minimizes interest-rate risk.

### Inflation Risk

An investor's cost of living may exceed the growth of savings. Inflation risk is addressed by investing in asset classes that tend to outperform inflation over time (e.g., stocks).

### Currency Risk

Exchange rates may cause the value of an investment portfolio to decline if the value of the dollar declines. Currency risk is addressed by investing in international securities that may benefit from a falling dollar.

### Alternative Strategies Risk

Sentinel uses funds with different investment strategies to reduce market volatility, including, but not limited to, investing in commodities, managed futures and real estate investment trusts (REITs). These funds tend to be uncorrelated or less correlated to the stock market.



### **Item 9: Disciplinary Information**

An investment adviser must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. Sentinel does not have any disclosure items.

### **Item 10: Other Financial Industry Activities and Affiliations**

Sentinel does not have any financial industry activities or affiliations that may conflict with its fiduciary obligation to its clients.

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

#### Code of Ethics

Sentinel maintains a Code of Ethics, which sets forth standards of conduct expected of advisory personnel, requires compliance with federal securities laws, and addresses conflicts that arise from personal trading by advisory personnel. Clients may request a copy of the Code of Ethics.

#### Personal Trading

In most cases the interests of Sentinel and/or its access persons correspond with its clients' interests, and Sentinel may invest in the same securities that are recommended to clients. At times, Sentinel and/or its access persons may have investment objectives that differ from its clients, and then Sentinel may invest in securities not recommended to clients. Sentinel's policy is designed to avoid conflicts of interest with its clients. Sentinel will not violate its fiduciary responsibilities to its clients.

Mutual funds are purchased or redeemed at a fixed net asset value price set by the fund company. Transactions in mutual funds by access persons are not likely to have an impact on the prices of the fund shares. Access persons may buy or sell these funds on the same day as clients.

For general securities transactions (e.g., stocks, bonds, ETFs):

- Sentinel will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades.
- Scalping (trading shortly ahead of clients) is prohibited.
- Should a conflict occur because of materiality (i.e., access person's prior holding of a thinly traded security), disclosure will be made to the client(s) at the time of trading.
- Incidental trading not deemed to be a conflict (i.e., a purchase or sale which is minimal in relation to the total outstanding value, and which would have negligible effect on the market price), would not be disclosed at the time of trading.

### **Item 12: Brokerage Practices**

#### Soft Dollar Practices

Sentinel does not receive formal soft dollar benefits from broker-dealers in connection with client securities transactions. See disclosure above in "Selection or Recommendation of Broker-Dealers and Other Economic Benefits."

#### Selection or Recommendation of Broker-Dealers and Other Economic Benefits

For Investment Management, Sentinel will require that clients establish brokerage accounts through one of two broker-dealers (also known as custodians / brokerage firms) to maintain custody of client

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assets, the Fidelity Institutional division of Fidelity Investments ("Fidelity") or the Schwab Advisor Services division of Charles Schwab & Co. ("Schwab"). Both firms are members of FINRA/SIPC.

The selection is made based on the discount rates and execution services available to the client. Clients may pay transaction fees to the custodian / brokerage firm for the purchase of "no-load" funds. Clients who establish brokerage accounts with Schwab vs. Fidelity will pay higher brokerage and/or transaction fees. Both firms provide the clients with consolidated statements.

Sentinel is not affiliated with Fidelity or Schwab. Sentinel's Investment Advisory Representative(s) ("IA Rep(s)") are not registered representatives of these firms and do not receive any commissions or fees from recommending these firms.

Sentinel may receive from Fidelity and Schwab, at no cost, products and services enabling Sentinel to better monitor and service client accounts maintained at the broker-dealer. Sentinel may receive this support without cost because of the investment management services rendered to clients that maintain assets at the broker-dealer. The support provided may benefit Sentinel, but not its clients directly.

Sentinel has access to research available through Fidelity and Schwab. This research is readily available to any investment adviser using these platforms and may be received by Sentinel on an unsolicited (unrequested) basis. Fidelity and Schwab also make available non-research products and services that benefit Sentinel, but may not benefit its clients. Some of these other products and services assist Sentinel in managing and administering client accounts. These include software and other technology that provide access to client account data, pricing information and market data, facilitate trade execution, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of the accounts managed by Sentinel, including accounts not maintained at these firms.

Fidelity or Schwab may also provide other services intended to help Sentinel manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. Fidelity or Schwab may make these available through independent third parties. Fidelity or Schwab may discount or waive fees it would otherwise charge for these services or pay all or a part of the fees of a third party providing these services to Sentinel.

Sentinel's recommendation that clients maintain their assets at Fidelity or Schwab may be based in part on the benefit to Sentinel of the availability of some of the foregoing products and services and not solely on the quality or cost of services provided by Fidelity or Schwab, which may create a potential conflict of interest.

Sentinel understands its best execution duty and considers all factors in making recommendations to clients. These research services may be useful in servicing all Sentinel clients and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While Sentinel may not always obtain the lowest commission rate, Sentinel believes the rate is reasonable in relation to the value the brokerage and research services provide.

### **Item 13: Review of Accounts**

#### Portfolio Reviews

Investment Management portfolios are reviewed at a minimum of once per quarter. Economic and market conditions that might cause a wide variance in the specified asset allocation, or other factors,

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could cause more frequent reviews. Portfolio reviews consider the target percentages in the client's current Investment Policy Statement ("IPS"). Upon notification by a client of a change in the client's investment objectives or financial situation, the client's IPS and portfolios will be reviewed. Rebalancing in the client's portfolios will only be done as needed after a review and is not automatic upon each quarterly review. Portfolio reviews are performed by one or more IA Rep(s).

A Financial Plan is a snapshot in time and no ongoing reviews are done. It is highly recommended that clients engage Sentinel on an annual basis to update the financial plan.

### Account Reports

All clients receive standard account statements from custodians / brokerage firms and investment sponsors. Investment Management clients may also receive a written quarterly report from Sentinel summarizing the client's asset allocation, holdings, and performance.

### **Item 14: Client Referrals and Other Compensation**

Sentinel does not compensate for client referrals. Sentinel does not have any agreements with other registered investment advisers and thus does not receive compensation for client referrals.

### **Item 15: Custody**

Although client assets are held at a third-party independent custodian / brokerage firm, Sentinel is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the Engagement Agreement.

Clients will receive account statements at least quarterly from the custodian / brokerage firm or other qualified custodian. Client is urged to compare custodial account statements for accuracy against statements prepared by Sentinel. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statements are the official record of the client's account(s) for tax purposes.

### **Item 16: Investment Discretion**

Sentinel maintains full discretion under a limited power of attorney as to the securities and amount of securities. Sentinel will not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the Engagement Agreement with the client.

### **Item 17: Voting Client Securities**

Sentinel does not vote proxies and will not furnish any proxy-voting advice to clients. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian.

### **Item 18: Financial Information**

An investment adviser must provide financial information if any of the following apply: 1) a threshold of fee prepayments is met; 2) there is a financial condition likely to impair the ability to meet contractual commitments; or, 3) there has been a bankruptcy within the past ten years. Sentinel does not have any disclosure items in this section.

## How Sentinel Meets ERISA's Reasonable-Contract Rule

This part concerns retirement plans that are governed by the Employee Retirement Income Security Act of 1974 ("ERISA") or that have transactions that could be subject to an excise tax under Internal Revenue Code § 4975. It could be relevant if the client pays a portion of Sentinel's fee from an account under such a retirement plan. Another kind of client does not need to read this part.

ERISA tries to help make sure that a retirement plan gets a fair deal when it buys services. ERISA prohibits a retirement plan from buying a service unless:

- 1) The services are appropriate for the plan,
- 2) The services are provided under a contract or arrangement that's reasonable,
- 3) The plan pays no more than reasonable compensation for the service, and
- 4) Nothing else about the situation involves self-dealing or something else that's prohibited.

A Labor Department rule describes conditions that a contract must meet for it to be reasonable. Both Sentinel's Brochure and its Engagement Agreement state the information that's required by the rule. (That Sentinel makes these statements isn't tax or legal advice, or any kind of tax or legal opinion.)

### ERISA Services and Compensation Disclosure

The plan's fiduciary or directing person responsible for deciding whether and on what terms to engage Sentinel must consider the disclosures described below (including the other documents mentioned below or in Sentinel's Engagement Agreement).

- **Services:** Sentinel's services to be provided to a client's plan account are as stated by Sentinel's Engagement Agreement. Sentinel provides those services as a registered investment adviser and as a fiduciary (within the meaning of ERISA) to the extent of Sentinel's services as outlined in its Engagement Agreement.
- **Direct Compensation:** Sentinel's direct compensation is as stated by its Engagement Agreement.
- **Indirect Compensation:** As explained previously in the Brochure, Sentinel might receive research or other products or services other than execution (which the Securities and Exchange Commission calls "soft-dollar benefits") from a broker-dealer or another person concerning a client's retirement plan's securities transactions, and that of other clients. The payers of soft-dollar benefits could include every custodian. The services for which Sentinel might receive indirect compensation are the services provided under Sentinel's Engagement Agreement. Presenting this disclosure does not mean that Sentinel concedes that any soft-dollar benefit is compensation.
- **Compensation Paid Among Related Persons:** Sentinel will not, concerning its services under its Engagement Agreement, pay to an affiliate or a subcontractor compensation that is set on a transaction basis, or that is charged directly against the plan's investment and reflected in the net value of the investment.
- **Manner of Receipt:** Sentinel's direct compensation is billed to the client, collected from the client's plan account assets.
- **Compensation for Termination of Contract or Arrangement:** Sentinel's Engagement Agreement does not provide Sentinel compensation that results because of either party's termination of the

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Agreement. Sentinel remains entitled to compensation that accrued before the effective time of termination of the Engagement Agreement.

- Other Documents: The client will confirm receipt of Sentinel's Brochure (Form ADV Part 2) and every document that Sentinel's Engagement Agreement states that the client received.