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## **Form ADV Part 2 – Disclosure Brochure**

**Effective: March 21, 2024**

This brochure provides information about the qualification and business practices of [Sentry, LLC](#). If you have any questions about the contents of this brochure, please contact us at [\(901\) 820-0515](tel:9018200515), or by email at [jmorrison@sentryllc.com](mailto:jmorrison@sentryllc.com).

Sentry, LLC is a registered Investment Adviser with the U.S. Securities and Exchange Commission. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission, or by any state securities authority. Registration of an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

# Material Changes

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## **Annual Update**

Sentry, LLC is providing this information as part of our annual updating amendment which contains material changes from our last annual update. This section discusses only material changes since the last annual update which most recently occurred on March 27, 2023.

## **Material Changes since the Last Update**

There are no other material operating changes to Sentry, LLC since the last updated brochure dated March 27, 2023.

## **Full Brochure Availability**

The Firm Brochure for Sentry, LLC is available by contacting (901) 820-0515.

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# Advisory Business

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## Firm Description and Principal Owners:

Sentry, LLC (“Sentry”) was formed in May, 2009 and registered with the SEC on June 24, 2009. The Firm was formed for the sole purpose of providing superior investment advisory services to individuals, families and institutions. The Principal and Associates have more than 60 years in the investment business combined.

The Managing Principal for Sentry, LLC is Joseph McCaughan Morrison, CFA.

## Types of Advisory Services

The services offered by Sentry include: (1) creation of written goals and investment guidelines; (2) asset allocation studies to determine appropriate investment strategies for achieving the stated goals for each client; (3) searches, selection and retention of appropriate investment vehicles retained for implementing the client’s investment strategy; (4) periodic performance monitoring and evaluation to ensure that selected investment vehicles remain true to assigned client mandates and that each strategy remains in line with the particular client's investment guidelines; (5) special projects as requested by a client; and (6) management of investors’ investments on a discretionary basis. Sentry provides investment consultation and management services to high net worth individuals, their trusts and estates, and charitable organizations. Each of our services is customized to the client’s needs. Therefore, we do not manage “model” portfolios. Each client can instruct us to avoid trading a security, industry or investment vehicles if so desired. Although not part of general practice, Sentry, LLC may on occasion, or has historically, recommended a third-party investment advisor to manage all or a portion of the clients assets. In these cases, the client will pay a management fee, in addition to the fees paid Sentry, LLC , to the third party investment advisor. Also, the client will execute a separate investment agreement with the third-party investment manager. Sentry will ensure the delivery of the third-party investment advisor’s Part 2A disclosure brochure and Form CRS (if applicable) are delivered to the clients either directly by Sentry or by the third-party investment advisor.

Sentry also acts as a managing member to a Special Purpose Vehicle (SPV) that will invest in a startup company. Clients of Sentry will be recommended to invest in the SPV, but only if they meet specific income thresholds and qualifications and after having executed a separate limited partnership agreement.

## Asset Management

As of December 31, 2023, Sentry, LLC had \$2,378,668,173 in total assets under management. These assets are designated as \$1,087,694,749 in discretionary assets and \$1,290,973,424 in non-discretionary assets.

# Fees and Compensation

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## Description

Fees are asset based on the market value of the account.

The maximum management fee charged by Sentry will be 1.0% of assets under management for regular advisory services and may be reduced depending upon the particular client's portfolio mix, portfolio size, specific service needs or for any reason Sentry's management deems reasonable. Fees may be fixed dollar amounts or may be expressed as a percentage of assets. In some cases, Sentry will charge a fixed fee that will generally be a minimum of \$15,000 per annum. In addition, where Sentry is the managing member for an SPV, it may earn management fees and carried interest as outlined in the private placement memorandum for the specific SPV. Currently, Sentry is the managing member for one SPV, but the Firm may create more SPV's during the year.

Sentry's regular advisory service fees may be negotiated with a client depending upon the level of service needed, the size of the account, the frequency of reports and meetings, the difficulty of obtaining the necessary information, and travel and time expected to deliver the services.

Periodically, Sentry will perform services for an agreed upon fixed fee for a project for a client. This is generally less than the minimum \$15,000 per annum since it is typically a special project fee.

Fees are billed and deducted in arrears directly from the client's account on a monthly or quarterly basis depending upon the particular client. Monthly and quarterly billings are based on average market valuations during the period. Sentry may invoice a client separately upon the client's request.

For clients that have assets managed by a third-party investment advisor, those clients will pay them a separate management fee, in addition to the fee paid to Sentry, LLC.

## Expense Ratios/Other Fees

Clients are responsible for all trading costs including, but not limited to, mutual fund expenses, commissions, taxes and other costs incurred by the investment decisions made by Sentry, LLC on the client's behalf. Some clients utilize third party SMA's (Separately Managed Accounts) and/or alternative investments which charge additional management/performance fees which the client is

responsible for and is outside the scope of Sentry's fee arrangement with the client. Please refer to Brokerage Practices for more information on how Sentry selects the brokers to be used.

Investors in the SPV will be responsible for additional expenses borne by the SPV and as outlined in the SPV's private placement memorandum. This includes, but is not limited to audit, tax, and legal expenses.

Neither Sentry, LLC nor any of its supervised persons accept compensation for the sale of securities or other investment products.

## Performance-Based Fees

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Sentry, LLC does not participate in performance/incentive-based fees for regular advisory service clients. Some investment vehicles (third party managers, not affiliated with Sentry, LLC) utilized by some of Sentry's clients do incorporate performance/incentive-based fees as a part of the vehicles overall fee. These fees are separate from Sentry's fees and therefore, Sentry has no control or discretion over these fees. These fees should be fully disclosed in the investment vehicle's Offering Memorandum or other appropriate information source from the third-party manager.

Sentry is the managing member for a Special Purpose Vehicle (SPV). Sentry is due management fees and carried interest pursuant to the private placement memorandum. The SPV made a direct investment into a startup company and therefore will not be managed similarly to accounts of Sentry that are not paying a performance-based fee. Nonetheless, Sentry is eligible to receive carried interest (a type of performance fee) and has a financial incentive to recommend the SPV, which presents a potential conflict. The SPV will only be recommended to clients that meet specific income thresholds and qualifications and only after they have received a copy of the SPV's private placement memorandum which outlines all the fees and risks associated.

## Types of Clients

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### Description

Sentry provides investment consultation and management services to individuals, high net worth individuals, family trusts and estates, charitable organizations, qualified plans, and other institutional clients.

In addition, Sentry is the managing member to a SPV.

## Account Minimums

The minimum size of a consulting client account to be opened or maintained is \$5,000,000 unless waived by Sentry. The SPV has a significantly lower minimum of \$100,000 unless waived by Sentry.

# Methods of Analysis, Investment Strategies and Risk of Loss

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## Methods of Analysis

Sentry understands that the nature of investing includes risk. This risk includes potential loss of capital or principal. Sentry cannot guarantee there will be no loss of principal, but Sentry utilizes quantitative and qualitative analysis to construct portfolios to minimize risk.

Quantitatively, Sentry uses statistical analysis to attempt to minimize risk by investments and overall portfolio. Sentry utilizes state of the art software to analyze individual securities, mutual funds, SMA's, hedge funds (alternative investments), variable annuities and other investments to determine the risk profiles and investment characteristics to be considered for a portfolio. Many statistical metrics are used to determine the appropriateness of an investment for a specific account. These statistics include, but are not limited to, standard deviation, annualized return, alpha, beta,  $r^2$ , downside risk, up/down capture, drawdowns, Sharpe ratio, tracking error, and other metrics. Sentry will analyze annual, cumulative and rolling periods to simulate various market conditions to stress test investments. Sentry understands that a volatile asset by itself may not be a good investment, but this same asset may be a very good investment when combined with other assets and asset classes. In fact, the addition of a risky asset to a diversified portfolio could make the portfolio more efficient (higher alpha).

Qualitatively, Sentry is constantly searching for global trends and movements that need to be considered when managing investment portfolios. Sentry follows exchange rates, interest rates, political actions (domestically and globally) and other exogenous events that may impact the capital markets.

## Risk of Loss

Although Sentry, LLC makes every effort to preserve each client's capital and achieve real growth of wealth, investing in the stock and fixed income markets involves risk of loss that each client should be prepared to bear. Specifically:

### *Risks of stock investing*

Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock in which a fund invests may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry.

### *Risks of bond investing*

Bonds have two main sources of risk. *Interest rate risk* is the risk that a rise in interest rates will cause the price of a debt security held by the fund to fall. Securities with longer maturities typically suffer greater declines than those with shorter maturities when rate rise. Mortgage-backed securities can react somewhat differently to interest rate changes because falling rates can cause losses of principal due to increased mortgage prepayments and rising rates can lead to decreased prepayments and greater volatility. *Credit risk* is the risk that an issuer of a debt security will default (fail to make scheduled interest or principal payments), potentially reducing income distributions and market values. This risk is increased when a security is downgraded or the perceived creditworthiness of the issuer deteriorates.

### *Foreign investing risk*

This is the risk that the fund's investments in foreign securities may be adversely affected by political and economic conditions overseas, reduced liquidity, or decreases in foreign currency values relative to the U.S. dollar.

### *Real Estate Investment Risks*

Real estate faces several kinds of risk that are inherent in this sector of the market. Liquidity risk, market risk and interest rate risk are just some of the factors that can influence the gain or loss that is passed on to the investor.



### *Risks associated with Future and Option Contracts*

The market for one commodity may, at present, be highly volatile, perhaps because of supply-demand uncertainties which depending on future developments could suddenly propel prices sharply higher or sharply lower. Future and option contracts also have the risk of liquidity meaning there can be no assurance that, at all times, a liquid market will exist for offsetting a contract that was previously bought or sold.

## Disciplinary Information

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There are no Legal or Disciplinary events to report for Sentry or any of the supervised persons.

## Other Financial Industry Activities and Affiliations

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Sentry associates own a controlling interest in 1819 Partners which manages pooled investment vehicles. The activity conducted by this Company will not conflict with the securities and advice recommended to Sentry's clients. When suitable, clients of Sentry may be recommended to invest in the pooled investment vehicles.

Sentry and its supervised persons are not involved in any other financial industry activities nor does Sentry have any other industry related affiliates. Sentry is the managing member to a SPV that is recommended to clients meeting specific income thresholds and qualifications.

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

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## Code of Ethics

Sentry has adopted a Code of Ethics (the "Code") that emphasizes the high standards of conduct that the firm has always sought to observe. The Code consists of general principles that are understood to govern the personal investment activities of the firm's personnel, in particular its access persons, Sentry's fiduciary duty to clients, and the obligation of Sentry's personnel to uphold that fundamental duty. The Code states that the interests of Sentry's clients come first. The Code describes Sentry's policies and procedures pertaining to personal securities transactions and the giving and accepting of gifts and entertainment.

The Code requires each Sentry access person to report:

- (1) at the time the employee is hired and on an annual basis thereafter, all securities accounts and "reportable securities" in which the access person has a beneficial ownership; and
- (2) on a quarterly basis, all "reportable securities" transactions in which the access person has a beneficial ownership.

The Code defines "reportable securities" in accordance with the Investment Advisers Act rules pertaining to codes of ethics. The Code requires Sentry access persons to obtain the consent of Sentry's Chief Compliance Officer prior to:

- executing any transactions in securities in an initial public offering or in a limited offering (e.g., private placements); and
- opening a new securities account.

On an annual basis, all Sentry employees are required to execute an acknowledgement of their duty of loyalty to the firm's clients and the placement of client interests first and foremost before their own. By signing this document, each employee also acknowledges that he/she will not participate in insider trading and will report his/her trading activity and holdings as applicable.

Sentry employees should not accept gifts or other gratuities from clients or individuals seeking to conduct business with the firm without prior authorization from the Chief Compliance Officer or Chief Operating Officer. Gifts and gratuities of a value not exceeding \$100 do not require prior authorization.

Employees are not to divulge or act upon any material, non-public information, as defined under relevant securities laws and in the firm's Code.

Clients or prospective clients may obtain a copy of Sentry's Code of Ethics by contacting the firm by email at [jmorrison@sentryllc.com](mailto:jmorrison@sentryllc.com) or telephone at (901) 820-0515.

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

Occasionally, a supervised person may purchase or sell securities at or around the same time one of Sentry's clients purchases or sells a security. In general, this potential conflict is handled by either the supervised person's trade being executed after the client's trade or Sentry will utilize a block trade order to ensure the fairness to all involved.

## **Recommend Securities with Material Financial Interest**

Sentry is the managing member to an SPV that will be recommended to clients. Sentry has a financial incentive to recommend the SPV which presents a potential conflict. It will only be recommended to clients that meet specific income and qualifications.

## **Personal Trading**

As mentioned above in the Summary of the Code of Ethics, Sentry and its related persons may have invested, and may continue to invest, their personal funds in investments similar to those recommended by Sentry or money managers recommended by Sentry for the management of client assets. Sentry's Code serves to limit conflicts of interest in these cases through transaction monitoring.

# **Brokerage Practices**

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## **Selecting Brokerage Firms**

Sentry may from time to time suggest broker-dealers for transaction services. The criteria for suggesting a broker-dealer include reasonableness of commissions and other costs of trading, ability to facilitate trades, access to client records, computer trading support, access to various execution venues, block trading capacity, operational considerations and the ability to execute sophisticated financial transactions. There will be no soft dollar costs imposed on clients by broker-dealers and thus clients will not incur costs for the value of products, research or services provided to Sentry. To the

extent clients do not have existing custodial arrangements, Sentry has arranged, as an accommodation, the option of opening a custody account with Fidelity. In these circumstances, Fidelity would be serving as the client's custodian. Clients who seek to use this option will enter into a separate custodial agreement with Fidelity.

## Order Aggregation/Best Execution

At times it may be advantageous for an adviser to “bunch” (or “block”) orders in order to obtain better execution or more favorable terms for clients. With respect to this process, all firm personnel should be working towards the goal of ensuring that clients are treated in a fair and equitable manner with respect to the firm's trading practices and allocation procedures. Generally, a client would expect to receive some economic benefit when the firm aggregates trades. These benefits typically manifest themselves in lower per share execution costs as a result of the larger trade size involved.

When bunching trades, proper procedures must be followed regarding order execution and allocation of securities (or proceeds of sale) among client accounts involved. Basic rules are as follows:

- Allocation policies should be clearly disclosed to all clients in the firm's client contracts. This includes allocation priorities in situations where partial executions may occur. A pro-rata split of the shares sold will be made if in the event a block order is not completely filled.
- Orders may be bunched where it permits best execution and provides a clear benefit to the participating clients.
- Bunching must be consistent with the advisory contract signed by each client.
- Certain clients may not be favored over others who would equally benefit.
- Participating clients should be clearly identified in advance, along with the method of allocation (which should then be consistently applied). Any change in allocation methods must be pre-approved by the Chief Compliance Officer and communicated to any clients affected.
- Separate books and records must be kept reflecting the transactions for each client. In addition, books and records must be maintained evidencing the rationale for any deviations in the firm's stated allocation policies.
- Cash and/or securities should not be held collectively.
- Advisers should not receive any benefit from bunched transactions.
- Clients must receive individualized advice as to their participation in bunched trades.

The adviser will either block any accounts in which it or any of its principals has a proprietary interest, including general partner interests in investment partnerships or trade after clients.

Sentry has established bunching and allocation procedures, as described above, for the purposes of obtaining best execution on behalf of its clients.

# Review of Accounts

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## Periodic Reviews/Review Triggers

Client reviews are tailored to the desired frequency of the particular client and occur typically on a monthly or quarterly basis. Generally, client reviews entail a comparison of performance to market and peer group benchmarks as well as established goals and adherence to risk tolerance guidelines. Other factors subject to review may include brokerage allocation, securities overlap among money managers, or investment style adherence. Factors which may trigger a special review include, but are not limited to, investment committee meeting dates, market conditions, internal events such as a merger or sale, or changes in investment objectives such as underlying investor demographics or inheritance issues.

The firm's consultants are principally responsible for the investment reviews of the clients assigned to the consultant. Consultants, and Sentry's support staff, are provided with on-going training and are encouraged to enroll in continuing education such as CFA, CFP, CIMA and MBA programs.

## Regular Reports

Sentry, LLC sends out a written Securities Holding Report on a quarterly basis. Performance Reports are created for clients who request performance. Performance Reports are based on Sentry's market values as reflected in the Securities Holding Reports. Returns are calculated using the Dietz Formula for time weighted rates of return. These reports can be created on a month or quarter end basis.

Investors of the SPV will receive audited financials on an annual basis.

# Client Referrals and Other Compensation

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Sentry does not pay or receive any fees for client referrals.

## Custody

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### Account Statements

Sentry, LLC does not have physical custody of client assets for its consulting clients. For clients who have custody assets at Fidelity Investments, Fidelity sends either monthly or quarterly statements to the account holder according to the client's preference. Also, the custodian sends tax information required by law in a timely manner.

Clients are urged to compare the reports provided by Sentry to those provided by the Custodian, Fidelity. There can be minor discrepancies between the Sentry report and Fidelity due to the following factors for month end period:

	Sentry Reports	Fidelity Statements
Fixed Income & Accrued Income	Yes	Yes, but different pricing source
Dividends On due Date	Yes	When received, but back dated to due date and is reflected on the following month's statement if received after the end of the month
Trade Date for Trades	Yes	No, Settlement Date

Sentry is the managing member of a Single Purpose Vehicle (SPV). This vehicle is used to aggregate client and non-client assets to make a single direct investment in an entity. Sentry is considered to have custody as the managing member of this SPV. Therefore, Sentry utilizes Frazee Ivy Davis PLC to perform the annual audit to satisfy the custody requirements for Registered Investment Advisors. A copy of the annual audit will be provided to all investors within 120 days following the fiscal year-end of the SPV.

In certain instances, an advisory person of Sentry may serve as trustee for a client's account(s). Sentry is deemed to have custody of those client's assets. Under the custody rule (Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended), Sentry is required to have an annual surprise examination by an independent public accountant to verify the client funds and securities in that account.

## Investment Discretion

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### Discretionary Authority for Trading/Limited Power of Attorney

When an investor becomes a client, he or she will execute an Investment Advisory Agreement with Sentry, LLC. This Agreement gives Sentry investment authority or Limited Power of Attorney to make purchases and sales for a given account. With regard to those portfolios over which Sentry exercises discretion, Sentry makes the determination of which appropriate investment vehicles to retain and terminate without specific client consent. Portfolios are managed to conform to the particular client's investment policy or needs. The principals and associated persons of Sentry shall have no right to withdraw either cash or securities from a client's account except for fees owed to Sentry under the account agreement.

## Voting Client Securities

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### Proxy Votes

Sentry, LLC does not vote proxies for its clients. The clients receive proxy solicitations directly from the companies they are invested in or from Fidelity. Clients may contact Sentry should they have any questions regarding their proxy votes.

In rare circumstances and when directed in writing by the client, Sentry will vote proxies. Sentry policy is to generally vote with management recommendations. If there are any potential conflicts that cannot be mitigated, Sentry will either refrain from voting or request the client to vote.

Sentry does not advise or act for the client with respect to any legal matters, including bankruptcies and class actions, for the securities held in the client's account.

Copies of our Proxy Voting Policy and information about how the votes were placed are available upon request.

## Financial Information

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Sentry does not obtain more than \$1,200 fees six months in advance and therefore is not required to provide an audited financial statement.

Sentry is also not subject to any bankruptcy petition.

## Additional Disclosures

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### Business Continuity Plan

Sentry, LLC maintains a business continuity plan (or disaster recovery plan).

### Privacy Notice

Effective November 13, 2000, the SEC adopted Regulation S-P covering Privacy of Customer Financial Information. Regulation S-P requires that Sentry adopt and maintain written supervisory procedures that comply with Regulation S-P and serve to protect the privacy of client data. Regulation S-P requires that Sentry provide each client with a copy of this Privacy Notice.

Sentry is committed to maintaining the confidentiality, integrity, and security of personal information about our current and prospective clients. It is our policy to respect the privacy of current and former clients and to protect personal information entrusted to us. This notice describes the steps we have taken to safeguard your information and what client information we may share with others.



## **Personal Information That We Collect and Maintain**

Sentry collects and maintains personal information to enable us to provide investment management services to you. The types and sources of information that we collect include:

- Account opening information, such as address, phone number and information about income and/or assets,
- Information that we generate, such as account appraisals and trade tickets,
- Data that we collect from third parties, such as trade confirmations and custodial statements.

## **Information That We Disclose to Others**

Sentry as a policy does not disclose any consumer or customer non-public information about our current and former customers to non-affiliated third parties, except in the following circumstances:

- Disclosures to companies that are necessary in order to service your account, such as providing account and trade information to brokers and custodians,
- Information that is necessary for non-affiliated companies, including technology providers and accounting firms, to perform services for Sentry and its customers, and
- Non-affiliated companies and government agencies only to the extent permitted or required by law, for legal, regulatory or other purposes.

## **How We Protect Your Personal Information**

Sentry has instituted firm-wide policies and procedures to ensure that our privacy policies are followed and to protect the privacy of our clients' information.

- Access to electronic client information is limited by electronic safeguards, such as passwords for access to our networks, data and programs,
- Paper records are kept securely in Sentry's offices or stored by a records management firm that is covered by a confidentiality agreement,
- Third parties who do work on our behalf are specifically instructed that client information must remain confidential,
- No employee, consultant or other user shall have access to the physical premises or to such systems or data residing in such systems without proper authorization, and
- All safeguards apply to nonpublic personal information of current and former customers.