

**Firm Brochure – Individual Client**  
**Financial Planning and Investment Advisory Services**  
(Part 2A of Form ADV)  
**Item 1 - Introductory Page**

**SEQUOIA FINANCIAL ADVISORS, INC.**

**5635 E. Thomas Rd.**

**Phoenix, Arizona 85018**

**(480) 421-0600 Phone**

**(480) 421-0619 Fax**

**Sequoiaadv.com**

**Michael@sequoiaadv.com**

This brochure provides information about the qualifications and business practices of Sequoia Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at: (480) 421-0600, or by e-mail at michael@sequoiaadv.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

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

Sequoia Financial Advisors, Inc., herein after referred to as Sequoia, offers advisory services to two distinct client groups: 1. Individual Clients seeking financial planning and/or investment advice and 2. Qualified retirement plans seeking investment advice and employee education for their employer sponsored qualified retirement plan.

This brochure provides information limited to the financial planning and investment advisory services offered to individual clients. If you are interested in learning more about the services to Qualified Retirement Plans, please request a copy our Form ADV Part 2 – Qualified Retirement Plans.

Sequoia does business as a Registered Investment Advisor; however, this does not imply a certain level of skill or training. Please see Part 2B of Form ADV to learn more about our education and experience as investment advisors.

**March 1, 2013**

## **Item 2 - Material Changes**

### **Annual Update**

The Material Changes section of this brochure will be reviewed annually and updated when material changes occur.

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

There are no Material Changes to report for the year 2012.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (480) 421-0600 or by e-mail at [michael@sequoiaadv.com](mailto:michael@sequoiaadv.com).

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## Item 4 - Advisory Business

### Firm Description

Sequoia Financial Advisors, Inc. is an SEC-registered investment advisor with its principal place of business located in Phoenix, Arizona. Sequoia Financial Advisors, Inc. was founded in 1986.

Sequoia Financial Advisors, Inc. provides two primary services:

1. Personal Financial Planning for individuals and couples
2. Investment Advisory Services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses.

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*This brochure provides information limited to the financial planning and investment advisory services offered to individual clients. If you are interested in learning more about the services to Qualified Retirement Plans, please request a copy our Form ADV Part 2 – Qualified Retirement Plans.*

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### Personal Financial Planning Services

Financial Planning is a process that develops strategies to assist clients in achieving their personal and financial goals. The process starts by gathering and analyzing information about the client; their goals, values, needs and concerns, as well as all of the relevant financial information. This process results in an action plan and a set of recommendations that address the defined goals, related financial issues and other topics that may deserve attention.

Financial planning follows a specific process and addresses specific financial areas. The process generally proceeds as follows:

1. Establish and define the client-planner relationship
2. Gather client data, including goals and objectives
3. Analyze and evaluate the client's financial situation
4. Develop and present financial planning recommendations and / or alternatives
5. Implement the financial planning recommendations
6. Monitor the progress and results of the planning recommendations

The core topic areas involved in the financial planning process are as follows:

1. Cash flow and expense planning
2. Insurance planning (risk management)
3. Tax planning
4. Investment planning
5. Financial Independence (retirement planning)
6. Specific goal planning (education funding, special needs, etc)
7. Estate planning

We charge financial planning clients a fee for this service. Typically, a flat fee is quoted for these services which are defined in an Agreement For Financial Planning Services.

#### Investment Advisory Services

Some clients do not need or want to have a comprehensive financial plan prepared for them, but do wish to retain our Investment Advisory Services. Investment advisory services primarily involve the process of designing, implementing and monitoring a portfolio of client investment assets. The Investment Advisory process also involves the gathering of detailed client information to support the portfolio design and setting goals for the performance of the portfolio. Relevant factors in the investment advisory process include:

1. Client intermediate and long term goals
2. Current investment posture
3. Definition of risk and return parameters
4. Investment time horizon
5. Appropriate asset allocation targets
6. Appropriate investment strategies to include in the portfolio
7. Anticipated portfolio additions or withdrawals
8. Monitoring results and making adjustments for client changes and market conditions

An Investment Policy Statement (IPS) will be prepared for each investment advisory client that defines the factors listed above as well providing relevant cost and other information. Fees for investment advisor services are charged as a percentage of the assets in the account according to a sliding fee schedule. (See Item 5 Fees and Compensation)

Investment accounts may be opened on a non-discretionary or discretionary basis. No matter which type of account is opened, Sequoia's investment advisory services are delivered on a non-discretionary basis. That is, Sequoia will conduct an analysis and make recommendations as to what it considers to best fit the clients' circumstances; however, it is always up to the client to make the final decision on investment selection.

The Investment assets related to the advisory services of Sequoia are always held at an independent custodian (i.e. Schwab, Pershing, Genworth Trust Co. etc.). Sequoia never acts as a custodian of client assets. This is important as the client always maintains control and has independent verification of their assets. If we place trades for clients, we do so with the client's permission granted under a limited power of attorney.

The representatives of Sequoia Financial Advisors, Inc. are also Registered Representatives of Foothill Securities, Inc. a Registered Broker Dealer.

Sequoia does not practice law or accounting. Other professionals (e.g., lawyers, accountants, third party administrators, actuaries, custodians, insurance agents, etc.) may be involved in a client's plan and are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

Investment and/or portfolio reports are provided quarterly. Personal client meetings are scheduled according to the type of client engagement or based upon a client's need. Financial Planning clients will meet frequently to conduct the planning process. After the financial plan is completed, formal plan reviews will be scheduled as client needs and changes dictate. Investment Management clients receive quarterly performance reports and review meetings are scheduled quarterly or as client needs dictate. Internal account reviews occur quarterly but are not necessarily communicated to the client unless immediate changes are recommended.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

### **Principal Owners**

Michael J. Fischer is a 100% stockholder of Sequoia Financial Advisors, Inc.

### **Types of Advisory Services**

Clients typically engage Sequoia Financial Advisors, Inc. in one of three ways:

1. An Individual engages the firm to provide comprehensive financial planning and ongoing investment advice
2. An Individual engages the firm for investment advisory services only and does *not* engage Sequoia for a comprehensive financial plan
3. A Qualified Retirement Plan or sponsor engages the firm to provide investment advice and/or employee education to the plan trustees and participants.

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**This brochure provides information limited to the financial planning and investment advisory services offered to Individual Clients.** If you are



interested in learning more about the investment advisory services to Qualified Retirement Plans, please request a copy of our Form ADV Part 2 – Qualified Retirement Plans.

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Depending upon the type of engagement being considered, an initial evaluation of each client's situation is conducted to determine the suitability of the services to be provided as well as a consideration of costs of those services.

### **Financial Planning Services**

We provide financial planning services. A financial plan is an in-depth analysis of all areas of a client's financial life. The essence of a financial plan is to clearly understand the client's wishes and goals, and to create a set of action plans and financial structures to achieve those ends.

In the financial planning process, we gather required information through in-depth personal interviews and client records. Information gathered includes the client's goals, current financial status, tax status, return objectives and attitudes towards risk. We carefully review documents supplied by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Clients purchasing this service receive written schedules and reports on each segment of their plan. These reports provide the client with detailed analysis and recommendations designed to assist the client in achieving his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals. We discuss the family, work and other personal factors, needs and concerns that may impact the planning process.
- **TAX & CASH FLOW:** We analyze the client's income tax circumstances and attempt to structure their affairs to benefit the client's current income tax and future tax liability. We analyze the client's income and expenses to develop a cash flow management system that allows for greater savings and investment opportunities.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio and overall retirement and goal planning. We design investment portfolios and provide ongoing investment advice to reflect client

changes and changes in the investment environment.

- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We develop models of the client's anticipated retirement lifestyle then analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including (as appropriate) living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. The standard term of the original Financial Planning agreement is one year from execution.

### **Investment Advisory Services**

For those who do not wish to engage in comprehensive financial planning, our firm provides investment advisory services for clients based on the individual needs of the client. With investment advisory clients, we hold personal discussions to gather specific client information. During our data gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background. These factors will all be considered in determining the suitability of the investment recommendations made to each client.

In the process of providing investment advice, Sequoia may render advice on a variety of financial issues that may be relevant to the client's circumstances. Such advice is incidental to the investment advisory process and will not reach the level of detail or specificity that is delivered in the formal financial planning process.

Investment advisory accounts may be opened on a discretionary or on a non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Once the client's portfolio has been established, we conduct internal portfolio reviews on a quarterly basis and we provide a Quarterly

Performance Report. Personal reviews with investment advisory clients are scheduled as client needs require but are held no less than annually. Adjustments to the portfolio are only made following a client review meeting or other forms of communication with the client.

Investment management is offered in one of two Wrap Fee programs. One is the Third Party Manager program through Genworth Financial Wealth Management (GFWM Platform) and the other is the Foothill Securities Inc. Fee Based Brokerage program at the custodian; Pershing LLC. Each of these programs is described in the following.

### **Selection and Monitoring of Third-Party Money Managers – (GFWM Platform)**

When creating an investment portfolio for a financial planning or investment advisory client, we typically utilize a third party money manager program; the Genworth Financial Wealth Management Platform (GFWM Platform), as the means of delivering that service.

Through discussions with the client, we determine the goals and objectives, time horizon and liquidity needs which must be considered in making recommendations for the asset allocation and the combination of managers and strategies on the GFWM Platform that are best suited to meet those needs. Additional factors considered in making this determination include account size, risk tolerance, return expectations, the investment philosophy of the various third party managers and the client's views on suitability to their needs.

At account opening, the Investment Proposal, Investment Policy Statement (IPS) and Investment Advisory Agreement are then drafted to reflect these decisions.

Whenever participation in the GFWM Platform is part of the recommendations we make to you, along with this brochure, you will be provided a copy of the GFWM Platform Disclosure Brochure and Appendix 1. For more detailed information, please refer to Appendix 1, GFWM Platform Disclosure Brochure, Item 4.

We are available to meet with clients to review the performance of the selected Third Party Money Manager(s) on a regular basis, or as determined by the client's needs. If we determine that a particular money manager is not performing as expected or is not managing the client's portfolio in a manner consistent with the client's IPS, we may suggest that the client engage a different Third Party Money Manager. Under this scenario, our firm assists the client in selecting and implementing the change to the new Third Party Money Manager. However, any move to a Manager and/or program is solely at the final discretion of the client.

## **Fee Based Brokerage Accounts (FBBA) and Transaction Based Brokerage Accounts through Foothill Securities Inc. and Pershing LLC**

For investment management clients that do not fit the third party money manager program, we may open either a fee based brokerage account or a transaction based account through Foothill Securities, Inc. with Pershing LLC acting as custodian.

Similar to the process employed in our third party money manager program, we hold discussions with the client to determine the goals and objectives, time horizon and liquidity needs which must be considered in making recommendations for the asset allocation and the strategies that are best suited to meet those needs. Additional factors considered in making this determination include account size, risk tolerance, return expectations, cost, the investment philosophy of the manager and the client's views on suitability to their needs.

Within these accounts our investment recommendations may include, but are not limited to any of following securities:

- Mutual Fund Shares
- Exchange-listed securities
- Securities traded over-the-counter
- United States governmental securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other

Initial public offerings (IPOs) are not available through Sequoia Financial Advisors, Inc.

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

*LIMITATIONS:* As the individuals of Sequoia Financial Advisors, Inc. are registered as representatives of Foothill Securities, Inc. a registered broker-dealer, all investment programs are subject to the broker-dealer's due diligence process and must meet with their approval.

## **Tailored Relationships**

The goals and objectives for each client are documented in their financial plan (if applicable) and in their Statement of Investment Policy. Depending upon the management program selected, clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

## **Types of Agreements**

The following agreements define the typical client relationships.

### **Financial Planning Agreement – Financial Planning Clients**

A financial plan is designed to help the client with all aspects of their financial lives and may, or may not, involve ongoing investment management after the financial plan is completed. Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

The fee for a financial plan is based upon the facts known at the start of the engagement. The amount of the fee is based upon the complexity of the planning involved and upon the amount of time and effort we estimate to complete the work. The typical range for a financial planning fee is \$ 1,500 to \$5,000 and is negotiable.

At the outset of the financial planning process, a Financial Planning Agreement is prepared. This agreement spells out the parties involved, the responsibilities of each, the scope of the engagement, and other details pertaining to the relationship. All fees and services are detailed in the Financial Planning Agreement which is authorized by both parties prior to the start of the planning process.

As financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments. In the event that the client's situation is substantially different than disclosed at the initial meeting, or new developments arise that alter the scope of the original financial planning engagement, a revised fee estimate will be provided for mutual agreement. When a fee increase is necessary, the client must approve those changes in writing in advance of the additional work being performed.

The term of the initial financial planning agreement is twelve months. After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary within that initial twelve month period with no additional cost. After that one year period, clients may be seen for ongoing service visits and monitoring of the plan. The cost of these updates to the financial plan is based on the level of assets the client holds in an investment management program with Sequoia Financial. There is no additional cost for updating the financial plan for clients who hold \$250,000 or more in a Sequoia Financial fee-based investment advisory program. Should the financial planning client not meet this threshold, updates and consultation meetings may be billed separately at the rate of \$250.00 per update meeting.

It is important to note and make clear, that the level of effort to update a Financial Plan is distinctly different than the review of a client's investment portfolio. A Financial Plan update may involve updating all the data in the original plan and re-running the analysis or re-creating financial models. This

added work accounts for the additional cost for financial plan updates for those clients who do not meet the minimum threshold of investable assets in one of our fee-based investment advisory programs.

There is no additional charge for meetings that only pertain to a review of a client's existing investment portfolio in one of our investment advisory accounts.

### **Investment Advisory Agreements**

Most financial planning clients choose to have Sequoia Financial Advisors, Inc. manage their assets in order to obtain ongoing in-depth advice and planning. Additionally, some clients who do not go through the financial planning process wish to engage our investment advisory services. In either case, an Investment Advisory Agreement will be executed at the time of opening an account.

As mentioned in the previous section, investment management is offered in one of two Wrap Fee programs. One is the Third Party Manager program through Genworth Financial Wealth Management (GFWM Platform) and the other is the Foothill Securities Inc. Fee Based Brokerage Account (FBBA) program at Pershing LLC. Information related to each of these programs is described in the following.

### **Third Party Money Manager Program Agreements – (GFWM Platform)**

For *Financial Planning* clients, we have already determined a clear definition of the requirements of the investment portfolio, and we develop a corresponding asset allocation and combination of investment strategies to fit those needs. Once the client agrees with the recommendation, we draft an Investment Proposal and Investment Advisory Agreement to reflect these decisions.

For *Investment Management* only clients, we hold discussions with the clients to determine their goals, objectives, time horizon, risk tolerance and liquidity needs. We then make recommendations for the asset allocation and the combination of investment strategies best suited to those factors. Once the client agrees with the recommendation, an Investment Proposal and Investment Advisory Agreement are then drafted to reflect these decisions.

The minimum investment in the GFWM Platform depends upon the Investment Solution chosen for a client's account and is generally as follows:

Mutual Fund: \$25,000 - \$50,000

Variable Annuity Accounts: \$100,000

ETFs (Exchange Traded Funds) Accounts: \$100,000

Distribution Strategies: \$250,000

Privately Managed and Unified Managed Accounts : \$50,000 to \$500,000 depending upon the investment strategy selected for the account, as described in more detail in the GFWM Platform Disclosure Brochure, Appendix 1.

Accounts below stated minimums may be accepted on an individual basis at the discretion of the Platform sponsor.

Whenever participation in the GFWM Platform is part of the recommendations we make to you, along with this brochure, you will be provided a copy of the GFWM Platform Disclosure Brochure and Appendix 1. For more detailed information, please refer to Appendix 1, GFWM Platform Disclosure Brochure, Item 4.

### **Foothill Securities Inc. Fee Based Brokerage Wrap Fee Program at Pershing LLC. Agreement (Fee Based Brokerage Account)**

Some client situations preclude the use of the GFWM Platform. In those cases, we recommend a Foothill Securities Inc. Fee Based Brokerage Account (FBBA) with Pershing LLC acting as the custodian. The FBBA allows us to purchase mutual funds and individual securities at no cost to the client. We then apply an asset management fee as described below.

To open a Fee Based Brokerage Account at Foothill Securities, Inc., an Asset Management Agreement is completed. This agreement specifies the client's goals, objectives, risk level and other details related to the management of the account. A fee schedule is also included and is described in the "Asset Management Fees" section of this document. Fees are billed quarterly and deducted from account values.

Assets are invested primarily in no-load or load-waived mutual funds and exchange-traded funds. Fund companies charge each fund shareholder an investment management fee (called the operating expense ratio) that is disclosed in the fund prospectus. The custodian, Pershing LLC charges a fee for mailing paper copies of order confirmations, otherwise there are no additional fees paid by the client. Those Pershing communication processing fees are waived for those accounts in which electronic delivery is selected.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a trade confirmation fee to the client for stock and bond trades. Sequoia Financial Advisors, Inc. does not receive any compensation, in any form, from fund companies or brokerage firms related to these accounts.

Whenever participation in the Foothill Securities Inc. Fee Based Brokerage Account Platform (FBBBA) is part of the recommendations we make to you, along with this brochure, you will be provided a copy of the Foothill Securities Inc. Form ADV Part 2 Disclosure Brochure. For more information about the FBBA account platform, please see the Foothill Disclosure Brochure, Form ADV Part 2.

### **Hourly Planning Agreements**

Sequoia Financial Advisors, Inc. provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$230.00 for professional services and \$100.00 for administrative services. A custom services agreement will be drafted according to the needs, costs and services to be provided in hourly planning engagements.

### **Termination of Agreement**

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion.

A Client may terminate any of the aforementioned agreements at any time by notifying Sequoia Financial Advisors, Inc. in writing 30 days in advance and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, we will refund any unearned portion of the advance payment.

Sequoia Financial Advisors, Inc. may terminate any of the aforementioned agreements at any time by notifying the client 30 days in advance and in writing. If the client made an advance payment, we will refund any unearned portion of the advance payment.

### **Assets Under Management**

As of 12/31/2012 the total amount of Assets Under Management of Sequoia Financial Advisors, Inc. was \$157,314,413. Sequoia manages approximately \$26,184,760 in assets for 55 individual financial planning and investment management clients. In addition, Sequoia manages approximately \$129,718,117 in assets for 53 Qualified Retirement Plan clients. Approximately \$25,243,237 is managed on a discretionary basis (client has provided Sequoia with advance permission to act on behalf of the client without getting permission on each event), and constitutes Regulatory Assets Under Management (RAUM) subject to "continuous and regular supervisory or management services." As of 12/31/2012, \$132,071,176 is managed on a non-discretionary basis (Sequoia needs to get client approval for each transaction) and do not constitute RAUM.

## **Item 5 - Fees and Compensation**

### **Description**

Fees and compensation for work with Sequoia Financial Advisors, Inc. is always clearly stated in an agreement prior to the start of any work to be performed.



Other than the fixed fees for financial planning services, Sequoia Financial Advisors, Inc. typically bases its investment advisory fees on a percentage of assets under management; however, we may also use hourly charges. On rare occasions, we may charge commissions under specific client circumstances.

Fees are negotiable.

### **Financial Planning Fees**

Sequoia Financial Advisors, Inc.'s Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

The fixed-fee financial planning cost is agreed to in the Financial Planning Agreement. At the signing of the agreement a \$500.00 retainer is collected and the work begins. The effective period of that agreement is twelve months, and during that period the client will be presented with progress billings as the work is completed. Invoices will specify the elements of the completed planning work they represent. Once the total fee is paid, there will be no further charges for the financial planning project. Should the client terminate the Financial Planning Agreement prior to the retainer being earned, a refund of the balance will be returned to the client within 30 days.

### **Investment Advisory Fees – Third Party Money Manager Program (GFWM Platform)**

Third Party Money Manager accounts on the GFWM Platform are assessed a Total Account Fee. This Total Account Fee includes the following:

1. A Product Advisory Fee made up of fees paid to Sequoia and fees paid for utilizing the GFWM Platform.
2. If a Discretionary Manager under the Managed Account Solutions (IMA-*Individually Managed Account*, CMA-*Consolidated Managed Account* or UMA-*Unified Managed Account*) is chosen, the Account Fee may also include fees payable to those managers.

(Fees and compensation for using the GFWM Platform, including Discretionary Manager fee schedules, are provided in the GFWM Platform Disclosure Brochure, Appendix1, Item 4.)

After the GFWM Platform fee is deducted from the Product Advisory Fee (#1 above), the resulting net fees payable to Sequoia are demonstrated below:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$250,000	1.00%
\$250,001 - \$500,000	.95% (next \$250,000)
\$500,001 - \$1,000,000	.90% (next \$500,000)
\$1,000,001 - \$2,000,000	.80% (next \$1,000,000)
\$2,000,001 - \$3,000,000	.70% (next \$1,000,000)
\$3,000,001 - \$5,000,000	.50% (next \$2,000,000)
OVER - \$5,000,001	.40%

The minimum annual fee is \$1,000 and is negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Payment is calculated on the average daily balance in the account for the prior quarter. The client must consent in advance to direct debiting of their investment account. Clients may terminate GFWM Platform accounts at any time and receive a full pro-rata refund of any unearned fees.

Special note should be made about the fee billing procedure upon opening an account with a Third Party Money Manager Program. When an account is opened, a full quarterly billing is applied at the end of the funding month based on the opening account value. For the next quarterly billing, the client is then rebated the prior quarter fee for the time the account was not open. From that point forward, the billing process will follow the process described in this section.

For accounts with the same registration, Sequoia's portion of the fees are linked for fee-billing purposes. This process allows the client to benefit from the sliding fee schedule and pay reduced overall fees. This account linking for fee-billing purposes may not apply to the GFWM Platform fee.

### **Investment Advisory Fees - Foothill Securities Inc. Fee Based Brokerage Account (FBBA) (Pershing Platform)**

Fee Based Brokerage Account investment management fees are billed quarterly, in arrears, meaning that we invoice you after the three-month billing period has ended. Fees for partial periods at account opening are billed on a pro rata basis based on the number of days between the account opening and the end of the quarter. At account closing, any unused fee will be refunded within 30 days of the end of the quarter. The client gives written advance consent to direct debiting of their investment account. Unless electronic delivery has been established, the custodian, Pershing LLC charges a fee for mailing paper copies of order confirmations. With electronic delivery options, there are no additional fees paid by the client. Other than the trade

confirmation fee and the fee schedule below, there are no additional costs to the client for transactions or management of these accounts. The annualized fee for Portfolio Management Services will be charged as a percentage of assets under management and billed quarterly, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$250,000	1.25%
\$250,001 - \$500,000	1.10% (next \$250,000)
\$500,001 - \$1,000,000	1.00% (next \$500,000)
\$1,000,001 - \$3,000,000	.85% (next \$2,000,000)
\$3,000,001 - \$5,000,001	.75% (next \$2,000,000)
\$5,000,001 - \$10,000,001	.50% (next \$5,000,000)
OVER - \$10,000,001	.25%

A minimum annual fee of \$1,250.00 is required for this service. The opening account size may be negotiable under certain circumstances. Sequoia Financial Advisors, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

## General Fee and Compensation Disclosures

**ERISA Accounts:** Sequoia Financial Advisors, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Sequoia Financial Advisors, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Sequoia Financial Advisors, Inc.'s advisory fees.

**Limited Negotiability of Advisory Fees:** Although Sequoia 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 will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts, portfolio style,

account composition, and reports among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

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

### **Other Fees**

Custodians may charge custodial fees or transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security.

### **Expense Ratios**

Mutual funds generally charge a management fee for their services as fund managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Sequoia Financial Advisors, Inc. These fees and expenses are described in each fund's prospectus.

Performance figures quoted by mutual fund companies in various publications reflect performance after fees have been deducted.

### **Past-Due Accounts and Termination of Agreement**

Sequoia Financial Advisors, Inc. reserves the right to stop work on any account that is more than 90 days overdue. In addition, Sequoia reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, which in our judgment, interferes with providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

### **Financial Industry Activities – (Relationship with Broker-Dealer)**

The representatives of Sequoia are also affiliated as Registered Representatives of Foothill Securities, Inc. a Registered Broker Dealer. As such, in addition to providing financial advice, the representatives of Sequoia may engage in the business of selling insurance, stocks, bonds, mutual funds, limited partnerships, annuities, or other commissioned products. Sequoia may receive economic benefit (commissions) in connection with the sale of these products. The act of recommending and being compensated for the purchase of products may represent a conflict of interest with the practice of giving financial advice to clients. Whenever such conflict might arise, Sequoia will make every effort to fully and completely disclose them to the client prior to or along with the product recommendation.

**Account Minimums:** The minimum investment in the GFWM Platform depends upon the Investment Solution chosen for a client's account and is generally as follows:

Mutual Fund: \$25,000 - \$50,000

Variable Annuity Accounts: \$100,000

ETFs (Exchange Traded Funds) Accounts: \$100,000

Distribution Strategies: \$250,000

Privately Managed and Unified Managed Accounts : \$50,000 to \$500,000 depending upon the investment strategy selected for the account, as described in more detail in the GFWM Platform Disclosure Brochure, Appendix1.

Accounts below stated minimums may be accepted on an individual basis at the discretion of the Platform sponsor.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Sequoia's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

Sequoia may request a Third Party Manager Program provider to waive the account minimum. Accounts of less than \$50,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$50,000 within a reasonable time. Other exceptions will apply to employees of Sequoia and their relatives, or relatives of existing clients.

**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 \$1200 more than six months in advance of services rendered.

## **Item 6 – Performance Based Fees**

### **Sharing of Capital Gains**

Sequoia Financial Advisors, Inc. does not charge fees based on a share of the capital gains or capital appreciation of managed securities.

Sequoia Financial Advisors, Inc. does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Item 7 - Types of Clients

### Description

Sequoia Financial Advisors, Inc. generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

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

### Methods of Analysis

The main sources of information we use includes research materials prepared by others, third party money manager commentary and analysis, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, inspections of corporate activities, professional seminars and meetings, and financial newspapers or magazines.

Other sources of information that we may use include Morningstar Principia mutual fund, stock and variable annuity information, FI360 Analytical Tools, Charles Schwab & Company's "SchwabLink" service, Pershing NetX360, Genworth Financial Wealth Management "e-Wealth Manager", JP Morgan Guide to Markets, and the World Wide Web.

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

**Mutual Fund and/or ETF (Exchange Traded Fund) 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 successfully 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 consider the reports and information provided from the due-diligence process offered by the GFWM

Platform investment due diligence team. 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 successfully 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.

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

In advising our clients in the GFWM Platform, we use model portfolios of mutual funds, Exchange Traded Funds (ETF's) and Variable Annuity sub-accounts provided by a number of institutional investment strategists based on the information, research, asset allocation methodology and investment strategies of these institutional strategists.

With respect to clients investing in the GFWM Platform, we introduce clients to, and advise on the selection of, independent investment managers who provide discretionary management of individual portfolios including a wide variety of different securities types. Clients will receive a separate disclosure from such investment managers regarding any such investment manager's advisory services.

## **Investment Strategies**

There are two primary approaches to asset allocation: Strategic Asset Allocation and Tactical Asset Allocation.

Strategic Asset Allocation is sometimes called a "passive" strategy in that it blends a portfolio of mutual funds and/or exchange-traded funds to represent a variety of asset classes. The funds' primary risk control is built into the diversification as well as the amounts allocated to fixed income (bonds) which are considered to have less risk and the amount allocated to equities (stocks) which are considered to carry greater risk. Portfolios are periodically re-balanced to return to the original asset allocation mixture.

Tactical Asset Allocation is sometimes called an "active" strategy in that the manager believes there is a way to assess economic and market conditions to determine the appropriate allocations to stocks and bonds. He/she may further attempt to identify undervalued (or opportunistic) investments as well

as those that may be overvalued (or risky). Risk is controlled through diversification with the addition of actively overweighting the portfolio in assets that they believe are undervalued and underweighting the portfolio in assets that are risky. Portfolios are periodically rebalanced to reflect changes in market conditions and take advantage of price discrepancies in the investment markets.

All portfolios are globally diversified to control the risk associated with traditional markets. A typical recommendation to participants attempts to capture the benefits of each approach by representing a blend of both Strategic allocation and Tactical allocation.

Additional strategies that are considered "Alternative Investments" may also be employed and offered to supplement portfolios. Alternatives involve strategies that are not correlated to the stock and bond markets and provide expanded opportunities for diversification and risk management. Examples of Alternatives may be vehicles that utilize Managed Futures Trading, Global Macro Strategies, Long / Short Strategies, and others.

## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as Exchange Rate Risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy



process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**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.

## **Item 9 - Disciplinary Information**

### **Legal and Disciplinary**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

### **Financial Industry Activities**

Advisory personnel of Sequoia Financial Advisors, Inc. are separately licensed as registered representatives of Foothill Securities, Inc., an unaffiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they would receive separate, yet customary compensation.

As a Registered Investment Advisor, it is Sequoia's fiduciary duty to put the interest of our clients first. To avoid any conflict of interest, we take the following steps:

- 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**

### **Code of Ethics**

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.

Sequoia 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.

Sequoia Financial Advisors, Inc.'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 michael@sequoiaadv.com, or by calling us at 480-421-0600.

Sequoia Financial Advisors, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

Sequoia Financial Advisors, Inc. 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.

### **Personal Trading - Participation or Interest in Client Transactions**

Sequoia does not trade individual securities as a normal part of our advisory services. The only time we trade individual securities for clients is to accommodate a client's unsolicited request to purchase a specific security in one of their brokerage accounts. Thus, the potential for us to commit unfair trading practices that may damage clients is greatly reduced. However, as a firm that practices in the financial services industry, we are required to have policies and procedures in place to protect our clients from fraudulent or unfair trading practices. The following section summarizes those policies and procedures.

The Chief Compliance Officer of Sequoia Financial Advisors, Inc. is Michael J. Fischer. He reviews all employee trades each quarter. His trades are reviewed by Gina Cizek. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

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.
- 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.

- 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.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- We have established procedures for the maintenance of all required books and records.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer; Foothills Securities, Inc. and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 - Brokerage Practices**

### **Selecting Brokerage Firms**

Recommendations to specific custodian are made to Clients based on their need for such services. Sequoia Financial Advisors, Inc. recommends custodians based on the proven integrity and financial responsibility of the firm. The selection of a custodian or brokerage firm may also be influenced by the selection of third party money managers who are limited to conducting their trading activities on specific platforms. Support services and access to client reporting is also considered. Sequoia Financial Advisors, Inc. does not receive any referral fees or commissions from the custodians or brokerage firms in any of these arrangements.

### **Third Party Money Manager Programs – (GFWM Platform)**

We assist clients in selecting the risk/return objective and Portfolio Strategists that best suit the client's objectives. The client then specifically directs the account to be invested in accordance with the chosen asset allocation. When the client selects the asset allocation, the client further directs that the account be automatically adjusted to reflect any changes in the asset allocation by the selected Portfolio Strategist. This client authorization results in the purchase and sale of certain mutual funds or ETFs (or transfers between variable annuity sub-accounts) without further authorization by the client.

The client receives confirmation of all transactions in the account and is free to terminate participation in the Platform and retain or dispose of any assets in the account at any time. We have no authority to cause any purchase or sale of securities in any client account, or change the model asset allocation or to direct the account to be invested in any manner other than as previously authorized by the client.

If a client selects an IMA, UMA or CMA investment solution, the third-party Discretionary Managers are granted the authority to manage the accounts on a discretionary basis, including the authority to select, buy and sell securities and other investments for the account, and to select the broker-dealers or others through which transactions will be affected.

The Third Party Money Manager program has several custodians at which these investment accounts can be held. Currently, we are directing these accounts to Genworth Financial Trust Company for their lower fees and the expanded account options being offered.

### **Brokerage Account Custodians – Fee Based Brokerage Accounts**

The purchase and sale of individual securities is not a primary business of Sequoia Financial Advisors, Inc. and therefore the selection of brokerage firms for this purpose is not a common practice. The administration of the Fee Based Brokerage Accounts, through Foothill Securities, Inc., is established at Pershing LLC (a brokerage / custodial firm) and therefore a client who engages this service will be directed to Pershing LLC.

On rare occasions, we accommodate existing clients by opening a traditional transaction-based brokerage account. This is typically done to hold a client's existing individual securities and perhaps, to process occasional unsolicited orders for individual securities. In those instances, we direct the accounts to a Foothill Securities Inc. brokerage account with Pershing LLC as custodian. We typically charge the lowest available commission rates on any such transactions.

## **Other Brokerage Account Custodians**

Some clients have already established relationships with custodial firms. In those cases, we will deliver advisory services while maintaining their assets at their existing custodial platform. One such platform is Charles Schwab & Co. For our accounts maintained in its custody, Schwab generally charges separately for its custody services, and depending upon the type of account, transactions may be conducted on a no-load, no-transaction-fee basis.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Sequoia Financial Advisors, Inc.. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

In addition to Schwab, we have relationships and several plans with a number of other custodians who provide bundled or partially bundled services that might better match the particular needs of a client.

## **Best Execution**

As previously stated, the purchase and sale of individual securities is not a primary business of Sequoia Financial Advisors, Inc. and therefore the

concern over best execution is not a significant issue. We have committed to practice under a Code of Ethics which addresses the fair trading practices and all of our staff have read, understand and follow these practices. The trading practices are documented in the Sequoia Financial Advisors, Inc. *Compliance Manual*. Sequoia Financial Advisors, Inc. does not receive any portion of any trading fees incurred in client accounts.

### **Soft Dollars**

Sequoia Financial Advisors, Inc. does not receive soft dollars from any of their custodial / brokerage arrangements.

### **Order Aggregation**

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

As a matter of practice, Sequoia Financial Advisors, Inc. does not routinely trade individual securities for clients. Therefore we do not generally block client trades for individual securities.

## **Item 13 - Review of Accounts**

### **Periodic Reviews**

Sequoia will review the client's Investment Policy Statement (IPS) annually or whenever the client advises us of a change in their circumstances and needs. Sequoia will also review the client's investment options while reviewing the performance reports that are published on a quarterly basis.

Account reviews are performed quarterly by advisor Michael J. Fischer, President.

### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation. Account reviews may be performed more frequently when market conditions dictate.

### **Regular Reports**

The GFWM Platform and the Foothill Securities / Pershing LLC Fee Based Brokerage Accounts issue quarterly written performance reports to investment advisory clients. These written reports generally contain a list of assets, investment results, and statistical data related to the client's account, and are made available via mail or electronic delivery. The information in these reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. We urge clients to carefully review these reports and compare the statements that they receive from their custodian to the reports the GFWM Platform or Foothill / Pershing provides.

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

### **Incoming Referrals**

Sequoia Financial Advisors, Inc. has a solicitor's agreement with TPGR Insurance and Financial Services, LLC. (TPGR) and directly compensates TPGR for client referrals. TPGR is paid a percentage of the advisory fee or commission received by Sequoia Financial Advisors, Inc. TPGR Insurance and Financial Services, LLC is a Registered Investment Advisor with the state of Arizona and its principal (Robert N. Tellier) is also a Registered Representative of Foothill Securities, Inc. a Registered broker Dealer.

Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount or rate of the fee; and

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of the referral.

We have been fortunate to receive many client referrals over the years. The referrals came from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources. Other than the Solicitor relationship with TPGR Insurance and Financial Services (mentioned above) we do not compensate referring parties for these referrals.

### **Referrals Out**

Sequoia Financial Advisors, Inc. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15 - Custody**

### **Account Statements**

Sequoia does not provide custodial services. All assets are held at qualified custodians, that means the custodians provide account statements directly to clients at their address of record. The minimum frequency for the delivery of these statements is quarterly.

We recommend that our clients compare the account statements received directly from their custodians to the Quarterly Performance Report statements provided by the GFWM Platform or the Foothill Fee Based Brokerage Account. The information in Quarterly Performance Reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.



Advisory fees are directly deducted from client accounts, and the client's custodian is advised by the GFWM Platform 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.

### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by the GWFM Platform and the Foothill Fee Based Brokerage Account program.

### **Other Custodian Information**

The client approves the custodian to be used and the commission rates paid to the custodian. Sequoia Financial Advisors, Inc. does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

## **Item 16 - Investment Discretion**

### **Discretionary Authority for Trading**

As a normal policy, Sequoia does not practice discretionary trading authority over client accounts. In other words, we consult with the client prior to each trade to obtain concurrence.

Investment accounts can either be opened under discretionary or non-discretionary status. In either case, it is our intention to consult and gain client consent for all changes within a client's account. The discretionary account status is not intended to give us investment control; rather, it is established to provide convenience and an efficient method to service the client with minimal paperwork. For example, should a client wish to make a change between strategists, this discretion allows us to execute that change without clients physically signing an Account Change Form.

Discretionary Status is the default for opening accounts. Clients are free to choose whether they wish to have accounts held under the discretionary or non-discretionary status.

### **Limited Power of Attorney**

A limited power of attorney is an authorization for us to have certain access to your account information and to speak to custodians regarding administrative issues related to your account. You sign a limited power of attorney so that we may provide services and monitoring activities that you have approved.

## Item 17 - Voting Client Securities

### Proxy Votes

Periodically, mutual fund companies want to make changes to the investment prospectus for the fund. Certain changes, such as a change to the fund's investment objectives, methods of investing or administrative policies require that existing shareholders of the fund have the opportunity to vote on the change. This is referred to as a proxy vote.

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, clients maintain exclusive responsibility for: (1) voting on any proxies solicited by issuers of securities owned by the client, 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.

On the GFWM Platform, the client retains the right to vote proxies if the Account is invested in a Mutual Fund, ETF, or Variable Annuity Investment Solution. If the Account is invested in an IMA, CMA, or UMA Investment Solution, the Client designates the applicable Discretionary manager as their agent to vote proxies on securities in the Account. Clients acknowledge that, as a result of this voting designation, they are also designating the Discretionary Manager as their agent to receive proxies, proxy solicitation materials, annual reports provided in connection with proxy solicitations and other materials provided in connection with the above actions relating to the assets in the Account. However, the Client retains the right to vote proxies and may do so by notifying us (Sequoia) in writing of the desire to vote future proxies.

## Item – 18 Financial Information

### Financial Condition

Sequoia does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Sequoia does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

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