

**Item 1: Cover Page**

**SANCTUARY WEALTH ADVISORS LLC**

**Part 2A of Form ADV: Firm Brochure**

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This Brochure provides information about the qualifications and business practices of Sanctuary Wealth Advisors LLC (“Sanctuary Wealth Advisors” or “the Firm”). If you have any questions about the contents of this Brochure, please contact us at the above listed telephone number. The information included in firm Brochure has not been approved or verified by the SEC or any state securities authority.

Additional information about Sanctuary Wealth Advisors is also available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The Firm’s IARD# is 150212.

Any reference to Sanctuary Wealth Advisors being a “Registered Investment Advisor” simply means that the firm is registered as an investment advisor and does not imply a certain level of skill or training.

Date of this Brochure: December 11, 2015

**Item 2:       Material Changes**

The following is a summary of material changes made to this Brochure since the Firm's previously filed Brochure dated March 27, 2015.

- GenCap Portfolio Management is no longer affiliated with the Firm.

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## **Item 4:        Advisory Business**

### **A. Description of the Advisory Firm and Its Principal Owners**

Sanctuary Wealth Advisors has been in business in the state of California since March 8, 2010 and is currently registered as an investment advisor with the SEC. The Firm is owned by its employees and Sanctuary Wealth Services LLC (“SWS”). Jeffrey Spears owns 90% of SWS.

### **B. Types of Advisory Services**

Sanctuary Wealth Advisors provides advisory services for high net worth individuals and pension and profit sharing plans. These services are tailored to the individual needs of each client. Other types of services that Sanctuary Wealth Advisors may offer include portfolio management for individuals, small businesses and institutional clients, selection of other advisers, publication of periodicals or newspapers (primarily consisting of blog postings and whitepapers for which the Firm does not charge), financial planning, bookkeeping and investment consulting advice. Sanctuary Wealth Advisors also sponsors a wrap fee program (see Item 4D for more information).

A percentage of the investments made for clients of Sanctuary Wealth Advisors are managed by outside managers who have relationships with the Firm. Exceptions are mostly confined to legacy positions held by clients with pre-existing accounts or other sources.

Asset allocations may include exchange-listed securities, corporate debt securities (other than commercial paper), municipal securities, US government securities, mutual fund shares, exchange traded funds, options, investment partnerships investing in real estate or oil and gas interests, and other pooled and separately managed accounts (such as hedge funds). Investments for individual accounts are selected based on varying factors of suitability determined through multiple sources.

#### Use of Advisors and Sub-Advisors:

Sanctuary Wealth Advisors makes available certain affiliated managers (“Advisors”) and third party managers (“Sub Advisors”) to manage a portion of client assets on a discretionary basis. The determination of the Advisors and Sub Advisors being recommended to clients is based on the client’s stated investment objectives.

Advisors and Sub Advisors recommended by Sanctuary Wealth Advisors may be structured as managers of individual equity and/or debt securities, exchange traded funds, mutual funds, partnerships, corporations and/or limited liability companies. Sanctuary Wealth Advisors selects these Advisors and Sub Advisors based on their ability to enhance the client’s portfolio values.

When Sanctuary Wealth Advisors selects a Sub Advisor for a client, the Firm reviews the Sub Advisor’s Form ADV and disclosure Brochure and any material supplied by the Sub Advisor. With this information, Sanctuary Wealth Advisors seeks to understand the Sub Advisor’s investment strategies, past performance and risk results to the extent available.

Sanctuary Wealth Advisors seeks to select Sub Advisors whose strategy's stated investment objectives, alignment of interests, management style, performance, reputation, financial strength, reporting, pricing and research align with that of Sanctuary Wealth Advisors' clients.

Clients who are recommended to Sub Advisors will sign a separate written agreement, which outlines the terms and conditions under which Sanctuary Wealth Advisors engages the Sub Advisor to manage the client's assets. The client will also receive a copy of the Sub Advisor's written disclosure Brochure in addition to Sanctuary Wealth Advisors' disclosure Brochure.

Sanctuary Wealth Advisors monitors and reviews the account performance and the client's investment objectives for all accounts, including those managed by Sub Advisors. The fee that Sanctuary Wealth Advisors receives for these accounts is based on a percentage of the market value of the assets being managed by the Sub Advisor(s).

### **Affiliated Advisors**

#### **Crosspoint Capital Management ("CCM")**

CCM provides services within a business unit of Sanctuary under the name Crosspoint Capital Management. Advisors Michael Kress, Kyle Shealer and Anthony Cantando are dually registered employees of Sanctuary Securities and Sanctuary Wealth Advisors. Messrs. Kress, Shealer and Cantando are each co-founders of the CCM business unit.

#### **Gordian Wealth Advisors ("GWA")**

GWA provides services within a business unit of Sanctuary under the name Gordian Wealth Advisors. Elliott Elbaz and Michael Phippen are dually registered employees of Sanctuary Securities and Sanctuary Wealth Advisors. Mr. Elbaz is the founder of the GWA business unit; Mr. Phippen serves as its Chief Investment Officer.

**Sanctuary Wealth Advisors (Denver Office)** Marty Erzinger is a dually registered employee of Sanctuary Securities and Sanctuary Wealth Advisors. Mr. Erzinger is the founding partner of this office.

### **C. Client Tailored Advisory Services and Client Imposed Restrictions**

Sanctuary Wealth Advisors provides advisory services for high net worth individuals and pension and profit sharing plans. These services are tailored to the individual needs of each client and are outlined in an Investment Policy Statement ("IPS") that accompanies each client's investment management agreement. The asset allocation process is tailored to each client's specific needs and is generally implemented by selecting various money managers who manage portfolios in-line with the client's investment objectives. Allocation models are agreed upon between the client and Advisor. High-level restrictions relating to broad

categories, such as industry, sector, risk level, volatility, etc. may be accommodated; however, clients may not have the ability to request restrictions of specific securities. Ability to accommodate restrictions will depend on the selection of money managers agreed upon in the asset allocation process and will be documented in the IPS.

#### **D. Wrap Fee Programs**

Sanctuary Wealth Advisors currently participates in a wrap fee program by providing portfolio management services. A wrap fee program is an investment program where you pay us, as the sponsor of the program, a single fee, which covers the costs of investment management, brokerage, custody and other services provided under this program. Sanctuary Wealth Advisors acts as a sponsor to this wrap fee program as well as the portfolio manager.

For client accounts that invest in the wrap fee program, Sanctuary Wealth Advisors offers the “Crosspoint Tactical Growth and Capital Preservation” investment management strategy. In this strategy, Sanctuary Wealth Advisors uses technical measures provided by an independent service, such as historical price movements and statistical analysis of these price movements, and utilizes the positive or negative signals the issued by the independent service on the market as a whole. Sanctuary Wealth Advisors makes its investment decisions based on these signals, and invests in cash (i.e. money market funds) or equities accordingly. Once a signal to purchase equities is given, Sanctuary Wealth Advisors will follow a fundamental, disciplined approach to select a diversified portfolio of equities based on the research of several independent research sources.

For those accounts not invested in the wrap fee program, Sanctuary may utilize an alternative investment management strategy. Please see Section 8 (Methods of Analysis, Investment Strategies and Risk of Loss) for further details on investment management strategies.

Sanctuary Wealth Advisors charges a fee to clients based on a percentage of the client’s total assets under management. Sanctuary Wealth Advisors may receive a portion of the wrap fee for its services.

#### **E. Assets Under Management**

Sanctuary Wealth Advisors has the following assets under management (rounded):

Discretionary Amount:	\$123,100,000
Non-Discretionary Amount:	\$118,900,000
Date Calculated:	November 30, 2015

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

### **A. Fee Schedule**

Sanctuary Wealth Advisors charges management fees for its advisory services. The fees may be in the form of percentage of assets under management or fixed fees.

The fee shall be computed on the basis of the schedule set forth as follows (or as negotiated with the client) and shall be paid quarterly in advance, unless otherwise agreed.

#### Management Fee Schedule

0.60% to 2.00%

Fees are negotiable and may be discounted on a case-by-case basis. Advisors and Sub Advisors may have minimum account asset requirements in order to manage a portfolio.

### **B. Payment of Fees**

Clients may elect to be billed for fees incurred or have fees paid automatically by being deducted from the account(s). This election is made in the client's investment management agreement. Clients electing to have fees deducted from the account(s) will receive account statements that reflect and disclose the fee amount deducted from the account(s). Clients electing to be billed for fees incurred will receive bills quarterly. Please refer to Item 15 for full disclosure on billing practices. Lower fees for comparable services may be available from other financial providers.

### **C. Other Fees or Expenses**

Clients may incur brokerage and other transaction costs in connection with the Firm's advisory services, such as custodian fees or mutual fund expenses. Any such fees will be disclosed to the client in the investment management agreement and on the monthly brokerage statements received by the client from the custodian. See Item 12 "Brokerage Practices" of this Brochure for more information pertaining to brokerage practices.

#### Fees for Sub Advisor Accounts:

Investment management fees charged by Sub Advisors are in addition to Sanctuary Wealth Advisors' investment management fees. Clients may incur additional fees than those charged by Sanctuary Wealth Advisors, Sub Advisors, and custodians.

Some Sub Advisor terms may vary from that of Sanctuary Wealth Advisors, as such, please refer to the Sub Advisor's ADV Part 2 disclosure brochure for specific terms relating to the Sub Advisor(s).

#### **D. Prepayment of Fees**

The annual fee shall be computed on the basis of the schedule set forth above (or as negotiated with the client) and shall be paid quarterly in advance, unless otherwise agreed. Substantial additions to or withdrawals from the Account by the Client may be pro-rated on an equitable basis for the period the Assets involved were under management. In the event that a fee period under this Agreement is less than one full quarter, then the fee for the period shall be the product obtained by multiplying a full quarterly fee by a fraction, the numerator of which shall be the number of days this Agreement is in effect prior to the end of the calendar quarter and the denominator of which shall be 90.

Either party, for any reason, upon written notice, can terminate an investment advisory contract before its expiration date. If the advisory contract is terminated before the end of the billing period, the client will receive a refund for pre-paid fees for that billing period on a pro-rata basis.

If an advisory contract is terminated within 5 days of signing and delivery of this disclosure Brochure, no fees will be charged.

#### **E. Compensation for Sale of Securities**

Sanctuary Wealth Advisors and its Advisors do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Advisors affiliated with Sanctuary Securities, a broker-dealer, may receive compensation in connection with the purchase or sale of securities.

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

Sanctuary Wealth Advisors does not collect performance-based fees. Advisors, associated with other investment advisory firms that are not affiliated with Sanctuary Wealth Advisors, may receive performance-based fees.

#### **Item 7: Types of Clients**

Types of clients may include individuals, high net worth individuals, institutions, trusts, estates, charitable institutions, corporations, other business entities, pension and profit sharing plans, and other pooled investments, such as a family LLC.

Sanctuary Wealth Advisors requires that the minimum value of assets per client be one million dollars. This minimum may be waived with approval from the Firm's CEO.

#### **Item 8: Methods of Analysis and Investment Strategies and Material Risks**

##### **Methods of Analysis**



In certain instances, Sanctuary Wealth Advisors and/or third-party analytical service providers perform fundamental analysis on historical and current financial data. Advisors implement bottom-up and top-down analysis, taking into consideration the overall state of the economy, interest rates, production, earnings and management. The main sources of information that advisors use include financial periodicals, inspections of corporate activities, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases and research materials prepared by others.

Fundamental analysis can be useful in making mid to long-term investment decisions. This type of analysis may not be as useful for investors with a short-term investment horizon. As fundamental analysis involves taking into consideration current social and economic factors, major, unanticipated events can change the expected outcome of investments that are based on this analysis type.

Sanctuary Wealth Advisors primary investment strategy utilizes an asset allocation process to identify managers who implement investment strategies that are appropriate for the client's individual situation and investment objectives. Some Advisors may have strategies that involve more frequent trading of securities.

Asset allocations may include exchange-listed securities, corporate debt securities (other than commercial paper), municipal securities, US government securities, mutual fund shares, exchange traded funds, options, investment partnerships investing in real estate or oil and gas interests, and other pooled and separately managed accounts (such as hedge funds). Investments for individuals are selected based on varying factors of suitability determined through an investment objective questionnaire and client interactions. Investment strategies used to implement any investment advice given to clients may include long and short-term purchases, trading, short sales, margin transactions and options trading.

## **Investment Strategies**

### **Managed Portfolios**

Sanctuary Wealth Advisors makes available portfolios managed by the following Advisors:

#### **Crosspoint Capital Management:**

##### **Overview**

Crosspoint Capital Management offers a suite of portfolios that fall under their Tactical Growth & Capital Preservation Strategy. The objective of the portfolios is to align themselves with markets that are defined as being in a bullish, upward trend, and to be positioned defensively in 100% cash during a defined bearish, downward trend. The general investment methodology is consistent across each portfolio, while the specific types of investments purchased are unique to each portfolio. A bullish or bearish position on the market is derived through proprietary technical measures which analyze price movements within the broader U.S. equity markets. Portfolios are not managed to take into consideration the impact of taxes to investors.

A description of each strategy is as follows:

##### **Crosspoint Tactical All-Cap Core Portfolio**

When a bullish market signal is generated, the Crosspoint Tactical All-Cap Core Portfolio invests in a diverse portfolio of 20-30 individual US listed equities across all market capitalization. This is an opportunistic, long-only strategy that utilizes a combination of technical and fundamental research to support the purchasing of each security in the portfolio. The strategy follows a disciplined approach that applies technical thresholds that each security must meet, as well as liquidity minimums. Strict sell disciplines are set in place.

##### **Crosspoint Tactical Focused Portfolio**

When a bullish market signal is generated, the Crosspoint Tactical Focused Portfolio selects ETF exposure that represents a diverse group of strong technical stocks. This strategy is reserved for current Crosspoint clients, and new clients are only accepted into this strategy on a limited basis.

When a bearish signal is generated, each portfolio is fully liquidated and moved to a 100% cash position to avoid a potential market downturn. When an extremely oversold market condition arises, the portfolio manager may reinvest portfolios into positions deemed to be opportunistic.

**Crosspoint Tactical Small-Cap Portfolio**

When a bullish market signal is generated, the Crosspoint Tactical Small-Cap Portfolio invests in a diverse portfolio of 40-60 individual U.S. listed equities that have a market capitalization of less than \$4 Billion at the time of purchase. This is an opportunistic, long-only strategy. The strategy follows a disciplined approach that applies technical thresholds that each security must meet, as well as liquidity minimums. Strict sell disciplines are set in place.

**Crosspoint Tactical ETF Portfolio**

When a bullish market signal is generated, the Crosspoint Tactical ETF Portfolio invests in a diverse portfolio of general market index and industry Exchange Traded Funds (ETFs). The industry ETFs represent the leading industries of that particular market cycle. Crosspoint measures the strength of 130 industries within the broader market. Not all industries have a suitable ETF available for purchase that do not allow the portfolio manager flexibility in choosing an appropriate investment choice.

## **Gordian Wealth Advisors:**

### **Covered Call Strategy**

The investment objective of the Gordian Covered Call strategy is to provide investors with exposure to mainly large cap, dividend paying domestic equity stocks and use the sale of call options to increase levels of income. The portfolio will contain approximately 25-35 names with diversified exposure across all sectors of the S&P 500. The investment process begins with a top down approach aimed at finding the relative value in each sector of the S&P 500, then focusing on the most attractive companies in those sectors.

Covered call writing is a bullish, income oriented strategy. Maximum profit occurs when the underlying stock is at or above the strike price of the options at time of expiration. By writing (selling) the call and collecting the premium, investors give up some of the stock's upside potential by agreeing to sell the stock at the strike price at expiration, but get to keep the income from the sale of the options. With interest rates at historically low levels, investing in high yielding stocks and writing calls against the stock is designed to generate income.

### **Selection of other Sub Advisors**

Sanctuary Wealth Advisors also uses a due diligence process in assisting the selection of Sub Advisors approved for use by the Firm's Advisors. This process uses third-party analytical services that provides wealth management solutions to investment advisors. Selection of Sub Advisors for each client is based on client specific needs and decided upon between the Advisor and client.

Investment strategies used to implement any investment advice may vary, and may include long and short-term purchases, trading, short sales, margin transactions and options trading.

### **A. Material Risks**

Asset allocations may include exchange-listed securities, corporate debt securities (other than commercial paper), municipal securities, US government securities, mutual fund shares, exchange traded funds, options, investment partnerships investing in real estate or oil and gas interests, and other pooled and separately managed accounts (such as hedge funds). Investments for individuals are selected based on varying factors of suitability determined through and investment objective questionnaire and client interactions.

Investment strategies used to implement any investment advice given to clients may include long and short-term purchases, trading, short sales, margin transactions and options trading.

**Investing in any type of security (i.e. stocks, bonds, mutual funds, etc.) or investment strategy involves risk of loss. Investment losses can also include the loss of the original amount invested. Clients should take into consideration their ability to withstand any loss. Past performance is not indicative of future results.**

- There are certain additional risks associated when investing in securities: Market Risk – Either the stock market as a whole, or the value of an individual company, does down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Interest Rate Risk – The risk that an investment's value will change due to a change in interest rates. Such changes usually affect bond and other prices inversely.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk - When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Options Risk - Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- Fixed Income Risk - When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, there are additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Leveraged and inverse ETFs may not be suitable for all investors and have unique characteristics and risks. Although there are limited occasions where a leveraged or inverse ETF may be useful for some types of investors, it is extremely important to understand

that, for holding periods longer than a day, these funds may not give you the returns you may be expecting.

- Management Risk – The value of your investment will vary with the success and failure of Sanctuary Wealth Advisors' investment strategies, research, analysis and determination of portfolio securities. If the investment strategies do not produce the expected returns, the value of the investment may decrease.

Disclosures of the risks of a specific investment strategy by a Sub Advisor are made in the Sub Advisor's ADV Part 2 Firm Brochure.

## **B. Recommendations of Particular Types of Securities**

Sanctuary Wealth Advisors' primary strategy can involve recommending the following particular types of securities:

- Equities
- Bonds and other Fixed Income
- Mutual Funds
- Exchange Traded Funds
- Options
- Alternative Investments

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the firm or the integrity of the firm's management.

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

### **A. Registration as a Broker-Dealer or Broker-Dealer Representative**

Sanctuary Wealth Advisors is wholly owned by its employees and SWS. SWS also owns a broker-dealer firm, Sanctuary Securities, LLC ("Sanctuary Securities"). Sanctuary Wealth Advisors is managed by Jeffrey Spears, its Chief Executive Officer and Chief Compliance Officer, who is also registered as a representative of Sanctuary Securities.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator or Commodity Pool Trading Advisor**

Neither Sanctuary Wealth Advisors nor any of its management persons are registered as a futures commodity merchant, commodity pool operator or commodity pool trading advisor.

## **C. Material Relationships with Related Persons**

### **Sanctuary Securities, LLC:**

As mentioned above SWS, the Firm's parent company, also owns a broker-dealer firm, Sanctuary Securities. Investments represented by the affiliated broker-dealer, Sanctuary Securities, may be purchased by the Sanctuary Wealth Advisors' advisory clients at their sole discretion. In these instances, compensation may be paid to the affiliated broker-dealer, which represents a conflict of interest. In an effort to mitigate this conflict, in no case will any form of compensation be paid to the Advisor so that the Advisor will remain un-conflicted in the advice he/she provides to clients of Sanctuary Wealth Advisors.

Additionally, some Advisors may be dually registered with Sanctuary Wealth Advisors and Sanctuary Securities, in which case they will have the ability to execute brokerage transactions for advisory clients. Although this presents a conflict of interest, advisors will be obligated by their fiduciary responsibility to always act in the best interest of the client. In an effort to mitigate this conflict and ensure advisors are complying with their fiduciary responsibility, the firm has implemented a code of ethics (see Item 11) and has processes in place for the review and approval of brokerage activity by supervisory personnel. If a dually registered Advisor is receiving fees from a client based on their assets under management, he may not also receive commissions on any of those assets invested through the affiliated broker dealer. An Advisor who is dually registered as a broker dealer representative with Sanctuary Securities will only be permitted to receive commission payments for accounts opened on the brokerage platform.

### **Harvest Capital Strategies, LLC:**

The Firm's parent company, Sanctuary Wealth Services, LLC, has received an investment from Harvest Capital Strategies, LLC, a Registered Investment Advisor who advises and is general partner of several pooled investment vehicles (i.e. hedge funds). Some of the funds managed by Harvest Capital Strategies, LLC will be approved investment solutions for advisory clients of the Firm. As this represents a conflict of interest, Advisors will be obligated by their fiduciary responsibility to always act in the best interest of the client. All investment recommendations to Funds managed by Harvest Capital Strategies will be reviewed by supervisory personnel.

### **Gordian Capital Management, LLC:**

Advisors Elliott Elbaz and Michael Phippen are dually registered employees of Sanctuary Securities and Sanctuary Wealth Advisors (together with SWS and Sanctuary Securities "Sanctuary"). Their services are provided within a business unit of Sanctuary under the name Gordian Wealth Advisors, LLC ("GWA"). Mr. Elbaz is a co-founders of the GWA business unit; Mr. Phippen serves as its Director of Research.

Messrs. Elbaz and Phippen are also the principal owners and Managing Members of Gordian Capital Management, LLC (“GCM”). GCM is a Delaware limited liability company formed in December of 2011 and is a registered investment advisor in the state of California. GCM serves as general partner and investment adviser to a private investment fund (the “Fund”).

The offering of investment advice by GCM is entirely separate and distinct from Messrs. Elbaz and Phippen’s business with the Sanctuary companies. Clients of GCM are not clients of Sanctuary, and vice versa, in absence of a clear and written agreement to such effect.

**Thomas Brady & Associates:**

Certain Advisors may have a relationship with Mr. Matt McKenzie of Thomas Brady & Associates. Mr. McKenzie is a licensed life insurance agent with insurance agency Thomas Brady & Associates. Certain Advisors may have an arrangement in place with Mr. McKenzie where they may refer advisory clients of SWA to Mr. McKenzie for life insurance business. These Advisors would receive compensation in the form of a referral fee from Mr. McKenzie for referring the life insurance clients. As this represents a conflict of interest, Advisors will be obligated by their fiduciary responsibility to always act in the best interest of the client.

**Baron Insurance Marketing Group LLC:**

Certain Advisors may have a relationship with Ms. Haley Brooks of Baron Insurance Marketing Group LLC. Ms. Brooks is the CEO of and a licensed life insurance agent with Baron Insurance Marketing Group LLC. Certain Advisors may have an arrangement in place with Ms. Brooks where they may refer advisory clients of SWA to Ms. Brooks for life insurance business. These Advisors would receive compensation in the form of a referral fee from Ms. Brooks for referring the life insurance clients. As this represents a conflict of interest, Advisors will be obligated by their fiduciary responsibility to always act in the best interest of the client.

**D. Selection of Other Investment Advisors and Compensation**

In the event a client of Sanctuary Wealth Advisors allocates a portion of their assets to Gordian Capital Management or any of its funds, the client will have a separate agreement with GCM. Clients must refer to their agreement with GCM for GCM’s fee arrangements. Clients of Sanctuary invested in GCM funds will not pay management fees in addition to the fees outlined their agreement with GCM however, investors in GCM funds may be charged performance fees in addition to the management fee charged pursuant to the agreement between the client and GCM. Information regarding performance fees charged by GCM is available to clients by GCM.

As the allocation of client assets into a proprietary product (as the GCM product is proprietary to Investment Advisor Representatives of Sanctuary through their dual registration with GCM) presents a conflict of interest, the client Advisor(s) will be obligated by their fiduciary responsibility to always act in the best interest of the client.



In an effort to mitigate this conflict and ensure that Advisors are complying with their fiduciary responsibility, Sanctuary has implemented the following procedures pertaining to clients of Sanctuary who also enter into an agreement with GCM:

- No placement fees paid for the allocation of client assets to GCM.
- Advisors will not “double dip” by charging management fees and advisory fees on the same dollar of assets.
- Clients of GCM who are not also clients of Sanctuary will not pay fees that are higher than the advisory fee grid of clients of Sanctuary. Having equal fee structures is the best way to resolve issues that can arise in fee driven conflicts.
- The expenses of the fund will not include indirect expenses that are functionally the responsibility of the Advisor.

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

### **A. Code of Ethics**

Sanctuary Wealth Advisors has adopted a Code of Ethics to govern its ethical obligations regarding personal securities transactions pursuant to Rule 204A-1 under the Advisors Act. Sanctuary Wealth Advisors’ Code of Ethics addresses general standards regarding the Firm’s fiduciary duty to clients as well as personal trading guidelines, insider trading policy, and general ethical standards applicable to all associated persons. Sanctuary Wealth Advisors will provide a copy of its Code of Ethics to any client or prospective client upon request by contacting Jeffrey Spears at (415) 291-2900.

### **B. Recommendations Involving Material Financial Interest**

Neither Sanctuary Wealth Advisors nor any of its related persons recommend to clients, or buys or sells for client accounts, securities in which the Firm or its associated persons have a material financial interest.

### **C. Investing in the Same Securities as Clients**

The Firm and its associated persons generally are not in a position of recommending a security to a client that would also be bought or sold for the Firm or its related persons. The Advisors and Sub Advisors manage accounts for clients of Sanctuary Wealth Advisors in-line with their stated investment strategy and portfolio models.

The Firm does not prohibit employees from trading in securities that are also recommended to its clients. This presents a conflict of interest. Any conflict that could arise from trading activity in the same securities by the Firm or its associated persons will be mitigated by the requirement for employees to comply with the Firm’s code of ethics, which includes a requirement to disclose all holdings and trading activities.

If issues arise with regard to an Advisor’s fiduciary obligation and/or violations of the Firm’s Code of Ethics, it will be escalated to the Firm’s Compliance Department.

#### **D. Investing in Securities around the Same Time as Clients**

Sanctuary Wealth Advisors will generally transact client business at or before the business of its associated and/or related persons when similar securities are being bought or sold. In some instances, block trades with average price allocations may be placed that include allocation to accounts belonging to both associated persons of the Firm and clients. The Firm will ensure that associated persons or related accounts do not receive better pricing than its clients.

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

#### **A. Factors in Selecting or Recommending Custodial Brokers**

Sanctuary Wealth Advisors may recommend/require that clients establish brokerage accounts with one of the following registered broker-dealers to maintain custody of clients' assets and to effect trades for their accounts (collectively referred to herein as "Custodial Brokers"):

- Schwab Advisor Services, a division of Charles Schwab & Co., Inc.
- TD Ameritrade Institutional
- Pershing Advisor Solutions

Sanctuary Wealth Advisors recommends brokers for custodial purposes only. Sanctuary Wealth Advisors does not recommend brokers on a transaction basis. Such recommendations will take into account a number of factors, some of which are transaction fees, custodial fees charged by the broker for holding securities for the client, commission rates, interest charges on debit balances and interest credits on credit balances, quality of execution, and record-keeping and reporting capabilities. In recommending a broker, Sanctuary Wealth Advisors will attempt to minimize the total cost for all brokerage services paid by the client. However, it may be the case that a recommended broker charges a higher fee for a particular type of service, such as commission rates, than can be obtained from another broker. It may also be the case that the total costs of all services provided by the recommended broker may be higher than can be obtained at another broker. Sanctuary Wealth Advisors may determine in good faith that such total costs are reasonable in relation to the value of brokerage and research services provided by such broker, viewed in terms of Sanctuary Wealth Advisors' overall responsibilities to the client.

The final decision to custody assets with a Custodial Broker is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Sanctuary Wealth Advisors is independently owned and operated and not affiliated with the Custodial Brokers. The Custodial Brokers provide Sanctuary Wealth Advisors with access to their institutional trading and custody services, which are typically not available

to retail investors of the Custodial Brokers. In certain instances these services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at the Custodial Brokers. The Custodial Brokers' services may include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

The Custodial Brokers generally do not charge separately for custody services but are compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through the Custodial Brokers or that settle into Custodial Broker accounts.

The Custodial Brokers may also make available to Sanctuary Wealth Advisors other products and services that benefit Sanctuary but may not benefit its clients' accounts. . These benefits may include national, regional or Sanctuary-specific educational events organized and/or sponsored by the Custodial Brokers. Other potential benefits may include occasional business entertainment of personnel of Sanctuary by the Custodial Broker's personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Sanctuary in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Sanctuary's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Sanctuary's accounts, including accounts not maintained at one of the Custodial Brokers. The Custodial Brokers may also make available to Sanctuary other services intended to help Sanctuary manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human resource consultants, insurance and marketing. In addition, the Custodial Brokers may make available, arrange and/or pay vendors for these types of services rendered to Sanctuary by independent third parties. The Custodial Brokers 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 Sanctuary. While, as a fiduciary, Sanctuary Wealth Advisors endeavors to act in its clients' best interests, Sanctuary recommendation/requirement that clients maintain their assets in accounts at Custodial Brokers may be based in part on the benefit to Sanctuary of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodial Brokers, which may create a potential conflict of interest.

#### Soft Dollar Arrangements:

Sanctuary Wealth Advisors may receive soft dollar compensation from Custodian Brokers in the form of technology services and business development events.

#### Client Referrals for Brokerage Arrangements:

Sanctuary Wealth Advisors does not receive client referrals from broker-dealers or third parties for recommending clients, thus Sanctuary Wealth Advisors does not have any incentive to select or recommend a broker-dealer based on the Firm's interest in receiving client referrals.

#### Directed Brokerage:

Sanctuary Wealth Advisors does not routinely recommend, request or require that a client direct the Firm to execute transactions through a specific broker-dealer and the Firm does not have directed brokerage arrangements.

### **B. Aggregating Trades for Client Accounts**

For occasions when the Firm trades in individual securities in accounts managed in the same manner, the Firm will aggregate trades. The Firm will aggregate trades only when it is believed that to do so will be in the best interest of the effected accounts. When such trade aggregations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, the Firm will attempt to allocate trade executions in the most equitable manner possible.

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

### **A. Periodic Reviews**

Most client accounts will consist of equities securities and mutual funds and/or an allocation of a separately managed portfolio by an Advisor and/or Sub Advisor. The trading activity in accounts is reviewed by a Supervisor. While the underlying securities within client accounts are continually monitored by the Advisor, these accounts are reviewed at least annually by a Sanctuary Supervisor.

### **B. Factors that Trigger Other-than-Periodic Reviews**

More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

### **C. Reports to Clients**

Clients receive month-end or quarter-end account statements showing activity and period end positions, and a year-end tax statement detailing the previous year's taxable activity. The information will be prepared and sent to clients by the custodial brokers and/or third-party performance reporting service provider(s). Clients may also choose to have online access to their accounts to view daily information.

Quarterly management reports, compiled by a third-party performance reporting service provider(s) may be made available to clients. These reports provide a review of all assets and performance information for the client's portfolio.

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

Sanctuary Wealth Advisors' affiliated broker-dealer (affiliated by common ownership) may receive a fully disclosed commission if clients of the Firm, in their sole discretion, chose to use certain investment products represented by the affiliated broker-dealer. This presents a conflict of interest. The Firm's policy to mitigate this type of conflict is outlined in Item 10 above.

When recommending third party advisors to clients of Sanctuary Wealth Advisors, the Firm will ensure that the third party advisor is appropriately licensed prior to doing so.

Sanctuary Wealth Advisors may have referral agreements with other investment advisors. For clients referred through these agreements, Sanctuary Wealth Advisors shall pay up to 1.5% of the total wrap fee to an unaffiliated Registered Investment Advisor, or an Investment Advisor Representative of the Firm, for recommending our wrap fee program to a client. This compensation may be more than what would have been received if the client paid separately for investment advice, brokerage, and to other services. Therefore, the individual making the recommendation may have a financial incentive to recommend the wrap fee program to clients.

Sanctuary Wealth Advisors also has a referral arrangement in place with its affiliated broker-dealer, Sanctuary Securities, LLC. In this scenario, the solicitor would be a registered employee of Sanctuary Securities, LLC, and the solicitor's association with the investment adviser would be disclosed to prospective clients at the time of the solicitation. For clients referred to our wrap program through this arrangement, Sanctuary Wealth Advisors may pay up to 25% of the fees to Sanctuary Securities, LLC.

### **Item 15: Custody**

Sanctuary Wealth Advisors does not have custody of client funds or securities, except for authorized fee withdrawals. All client funds and securities will be held at a custodial broker and each client will have online access and will receive a monthly or quarterly account statement directly from the custodian.

Sanctuary Wealth Advisors withdraws advisory fees directly from client accounts and as such, does comply with the following guidelines:

- The custodian will send statements to the Firm's clients, which will reflect all disbursements for the account, including the amount of the advisory fees.
- Sanctuary Wealth Advisors will receive written authorization from its clients permitting the payment of fees directly from their accounts held by the custodian. This written authorization will be provided in the advisory account agreement signed by each client.

**Item 16: Investment Discretion**

Execution authority will be assumed only with an executed limited power of attorney, typically stated as part of the client's advisory and custodial agreements. Execution authority is usually limited to the allocation of client account assets by the client selected Advisor as part of the process to remain in-line with the customer's investment objectives as outlined in the client's investment management agreement.

**Item 17: Voting Client Securities**

Sanctuary Wealth Advisors does not accept authority to vote client securities. Advisors do not vote on behalf of the client on voting proxies for securities held in client's accounts. The client maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to client's investment assets. Clients will receive their voting proxies or other solicitations directly from the custodian, unless otherwise directed by the client.

For accounts managed by sub-advisors, the proxy voting is dictated by the sub-advisor, as outlined in their ADV. If a client has questions on any particular proxy or solicitation, they should contact their advisor.

**Item 18: Financial Information**

**A. Prepayment of Fees**

Sanctuary Wealth Advisors does not require or solicit prepayment of fees six months or more in advance and therefore is not required to include a balance sheet for its most recent fiscal year.

**B. Discretionary Authority**

Sanctuary Wealth Advisors has discretionary authority over client assets in instances where the client approves such discretion. Sanctuary Wealth Advisors is not subject of any financial conditions that is reasonably likely to impair its ability to meet its contractual commitments to clients.

**C. Bankruptcy**

Sanctuary Wealth Advisors is not the subject of any bankruptcy petition, nor the subject at any time during the past ten years.