

Form ADV Firm Brochure

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Sanctuary Advisors, LLC

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This brochure provides information about the qualifications and business practices of Sanctuary Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 317-975-7729. The information in this brochure has not been approved or verified by the United States Securities Exchange Commission or by any state securities authority. Registration may not imply a certain level of skill or training. Additional information about Sanctuary Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

Winthrop Capital Management was divested and is no longer an affiliated registered investment advisor which offers advisory and sub-advisory services to the Sanctuary Advisors.

TrueRock Asset Management, LLC is no longer an affiliated entity.

Item 4 – The Firm modified its description of advisory services offered and updated its description to add non-discretionary asset management. The Firm removed risk management as a separate and distinct service offered.

Item 5 – The Firm modified its fee schedule.

Item 5 – The Firm updated its language regarding the prepayment of fees for asset management clients and financial planning clients.

Item 6 – The Firm modified its language as it does not have performance-based fees.

Item 7 – The Firm modified its types of clients served.

Item 8 – The Firm removed Portfolio Optimization as a method of analysis.

Item 10 – The Firm removed Winthrop Capital Management and TrueRock Asset Management as affiliates. The Firm added language regarding the conflict of interest regarding 12b-1 fees.

Item 13 – The Firm modified its review of accounts frequency and procedure.

Item 17 – The Firm modified its proxy voting language as the Firm will now vote proxies for certain clients.

This Firm Brochure is Sanctuary Advisors' disclosure document prepared according to regulatory requirements and rules. Consistent with those rules, Sanctuary Advisors will provide a summary of any material changes to this and subsequent Brochures within one hundred twenty (120) days of the close of its fiscal year. Furthermore, Sanctuary Advisors will provide other interim disclosures regarding material changes as necessary.

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Interpretive Note:

In reviewing this document, please note that the use of “Sanctuary Advisors” refers to Sanctuary Advisors, LLC. The use of “us,” “we,” or “our” refers to Sanctuary Advisors, LLC. The use of “you” refers to you, the individual client who is considering enrolling in the wrap fee program described herein.

If any term or language employed in this document is unfamiliar or confusing, please contact your Sanctuary advisor or the Sanctuary Advisors’ Compliance Department at 317-975-7729.

ITEM 4: ADVISORY BUSINESS

A. DESCRIPTION OF ADVISORY FIRM

Sanctuary Advisors, LLC is an Indiana limited liability company (“Sanctuary Advisors”), was formed in 2015 and is a registered investment adviser firm with the United States Securities and Exchange Commission (the “SEC”). Sanctuary Advisors’ principal business is offering investment advisory services to institutions (including ERISA, other retirement accounts and certain pension plans) and individuals. Sanctuary Advisors provides these advisory services through numerous investment teams, each of which have their own advisory focus and strategies. These teams are set out in the Sanctuary Advisors Form ADV Part I.

Sanctuary Advisors is a wholly-owned subsidiary of Sanctuary Wealth, LLC (“Sanctuary Wealth”). Management Persons of Sanctuary Advisors are dually registered as investment advisors and representatives of a registered broker-dealer, Sanctuary Securities Inc. (“Sanctuary Securities”). These professionals are subject to the general oversight of the Financial Industry Regulatory Authority Inc. (“FINRA”).

An Investment Adviser Representative (“IAR”) may have their own legal business entities whose business names and logos may appear on marketing materials as approved by Sanctuary Advisors or client statements as approved by the Custodian. The end client should understand that the businesses are legal entities of the IAR and not of Sanctuary Advisors, nor the Custodian. Additionally, the business entities owned by the IAR may provide services other than investment advice. Further, IARs may hold themselves out as Wealth Advisors of Noyes Advisors, DBA for Sanctuary Advisors. However, investment advisory services are provided through Sanctuary Advisors. Finally, IARs may be W-2 employees or independent contractors. For a full a list of DBAs under Sanctuary Advisors please refer our Firms ADV Part 1A.

B. DESCRIPTION OF ADVISORY SERVICES OFFERED

Sanctuary Advisors’ menu of advisory services, which includes financial planning services, portfolio management for individuals and businesses, portfolio management for institutional clients other than investment companies, pension consulting services, private fund management and selection of other advisors, is designed to address many different types of investors and their particular styles, needs and preferences.

As described in Item 5 of this Brochure, Sanctuary Advisors, depending upon the engagement, offers its services on a fee basis which may include hourly and/or fixed fees as well as fees based upon assets under management. Prior to engaging Sanctuary Advisors to provide any of the foregoing investment advisory services, the Client will be required to enter into one or more written agreements with Sanctuary Advisors setting forth the terms and conditions under which Sanctuary Advisors shall render its services (collectively the “Agreement”).

Sanctuary Advisors may render discretionary and non-discretionary investment advisory services to Clients relative to brokerage/qualified accounts, variable life/annuity products that they may own, and/or their individual employer-sponsored retirement plans. Individual Client accounts are managed pursuant to the Client’s Agreement with Sanctuary Advisors.

Sanctuary Advisors offers many services through its network of investment advisory representatives (“Advisory Representatives” or “IARs”). IARs may conduct advisory services under a trade name (i.e. “Doing Business As” or “DBA”) or other corporate structure that is held out to the public for marketing purposes. Sanctuary Advisors does not have any ownership interest in the IAR’s trade name or other corporate structure. IARs of the Firm set the advisory fees charged to Client which cannot exceed the advisory fee(s) listed in Item 5 of this Brochure.

Advisory services may include, but not limited to (i) an allocation to traditional investments such as stocks, bonds, mutual funds, and separately managed accounts; and (ii) an allocation to alternative investments such as private equity, real estate trusts, hedge funds, and precious metals. Sanctuary Advisors’ investment recommendations are not limited to any specific product or service offered by a broker-dealer and will generally include advice regarding the securities and transactions further described in Item 8.A. Methods of Analysis and Material Risks.

Clients engaging advisory services must play an active role. Sanctuary Advisors requires the Client to participate in the formation of the investment plan, investment advice and recommendations. Clients may call the office to discuss their portfolio(s) or ask questions, but Sanctuary Advisors recommends that Clients initiate a meeting with Sanctuary Advisors no less than annually. **However, Clients are obligated to immediately inform Sanctuary Advisors of any changes in their financial situation or to impose any reasonable restrictions upon Sanctuary Advisors’ Investment Advisory Services.**

B.1. DISCRETIONARY ASSET MANAGEMENT SERVICES

Sanctuary Advisors provides discretionary advice to the client regarding the investment of client funds based on the individual needs of the client. Sanctuary Advisors may recommend investing through one of its custodians, our affiliate Sanctuary Securities or may make a direct investment.

B.2. NON-DISCRETIONARY ASSET MANAGEMENT SERVICES

Clients who choose a nondiscretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

B.3. FINANCIAL PLANNING SERVICES

Sanctuary Advisors offers the financial planning services below.

B.3.a. Retirement Planning

Sanctuary Advisors' comprehensive process allows the client and the Wealth Advisor to assess the client's financial situation and then build a clear, sensible and comprehensive strategy to guide the client through the stages of life as the client works toward retirement. IARs have access to a complete portfolio of financial solutions for retirement planning, including the full variety of investment vehicles.

B.3.b. Estate Planning Review

IARs work together with Sanctuary Advisors' highly qualified estate experts and the client's estate planning attorney to develop an estate plan. Sanctuary Advisors is uniquely positioned to help the client deal with the complexities of estate planning so the client can focus on other important aspects of life. IARs are also happy to review a current plan, to make sure it is up-to-date and aligned with the client's overall wealth plan.

B.3.c. Education Planning

IARs will review college saving options and will work with the client to recommend a personalized strategy.. The client will learn what kind of expense each savings method covers as well as any tax-advantaged benefits that might be available. The client's Wealth Advisor will walk through the choices using its college financial planning tools and show the client how education savings can fit into an overall wealth management plan. money has longer to grow.

C. CLIENT-TAILORED SERVICES AND CLIENT-IMPOSED RESTRICTIONS

As outlined above, Sanctuary Advisors will develop an investment portfolio plan with asset allocations to meet the client's specific investment needs and life goals. Additionally, clients may impose restrictions on investing in certain securities or types of securities.

In addition to providing Sanctuary Advisors with information regarding personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide Sanctuary Advisors with any reasonable investment restrictions that should be imposed on the management of their portfolios and to promptly notify Sanctuary Advisors of any changes in such restrictions or in their personal financial circumstances, investment objectives, goals and tolerance for risk.

D. WRAP FEE PROGRAMS

Sanctuary Advisors participates in wrap fee programs by acting as the sponsor of the wrap fee programs offered through Platforms other than Wells Fargo (Schwab, TD Ameritrade and Pershing Advisory Services). Wells Fargo sponsors its own wrap fee programs. A wrap fee program is one in which the investor pays one stated fee which fee includes management fees and transaction costs from the custodian. A portion of the fees paid to the wrap account program will be given to Sanctuary Advisors as a management fee. Sanctuary Advisors manages wrap fee accounts in the same manner it manages other accounts.

Each client of a wrap fee program will receive a copy of this Adv Part II. Clients are encouraged to carefully review this document.

E. CLIENT ASSETS UNDER MANAGEMENT

Throughout its 17 national branches, Sanctuary Advisors and its related persons have about 88 IARs serving approximately 8,800 accounts. In addition, as of 12/31/2020, total client assets under management are approximately \$4,307,865,000.00, of which approximately \$3,652,477,198.00 is managed on a discretionary basis and \$655,387,802.00 is managed on a non- discretionary basis.

ITEM 5: FEES AND COMPENSATION

A. METHODS OF COMPENSATION AND FEE SCHEDULE

A.1. ADVISORY SERVICES FEES

Fees for advisory services are calculated as a percentage of the total market value of the managed assets. The annualized investment advisory fee schedule is provided in the client's Investment Advisory Contract.

In no event, shall the maximum fee exceed 2.75% for the total portfolio assets committed to the IAR. Fees are negotiable, and fees for similarly-situated clients may differ between IARs for a variety of reasons. The specific fee schedule will be identified in the advisory agreement between the client and Sanctuary Advisors.

Either we or the client may terminate their investment advisory agreement at any time, subject to written notification requirements in the investment advisory agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to us from the client will be invoiced or deducted from the client's account prior to termination. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion.

A.2. FINANCIAL PLANNING SERVICES

Sanctuary Advisors offers either hourly or fixed fee arrangements to all clients for its financial planning services. The hourly fee rate varies by IAR. Fixed fees are computed based upon a good faith estimate of the hours required to perform services. Sanctuary Advisors attempts to maintain parity with hourly and fixed charges while allowing some flexibility in estimation, taking into account case complexity and client-specific circumstances. Financial planning fees are negotiable.

B. CLIENT PAYMENT OF FEES

B1. ADVISORY SERVICES

Sanctuary Advisors requires its clients to authorize the direct debit of advisory service fees from their accounts. Exceptions may be granted subject to Sanctuary Advisors' consent for clients to be billed ahead directly for advisory service fees. Sanctuary Advisors will deduct the advisory fee directly from the client's account provided that (i) the client has provided authorization to the custodian and/or Sanctuary Advisors, and (ii) the custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client may withdraw this authorization for direct debit of the advisory service fee at any time by notifying Sanctuary Advisors or the custodian in writing. If the cash portion of an account is insufficient to pay the advisory service fee, the custodian may liquidate assets selected by Sanctuary Advisors or by the custodian to pay such fees.

The client is responsible for verifying the accuracy of the advisory service fee, as the custodian will not verify the calculation. Clients are encouraged to carefully review and compare the account statements provided by Sanctuary Advisors and/or the custodian. See Item 13: Review of Accounts for further details.

Except for the first calendar month or quarter in which Client's account is opened, the advisory service fee is paid in advance and is due and payable on the first day of each calendar month or quarter. The advisory service fee for the first calendar month or quarter in which an account is opened will be due and payable in the month or quarter immediately following account funding. For the calendar month or quarter in which this Advisory Contract is terminated, the advisory fee will be prorated based upon the number of days that services were provided, and Sanctuary Advisors will issue a refund of any remaining balance of prepaid fees. Upon termination of this Agreement, Client will be charged all usual fees for transactions and services provided with respect to Client's account. In the event Client deposits assets constituting an increase of more than 10% of the managed assets in any month or quarter, Client may be billed on a pro-rated basis an additional fee in the month or quarter immediately following the transaction calculated based on the amount of increased assets.

Advisory service fees will either be paid directly by the client or disbursed to Sanctuary Advisors by the custodian of the account. See Item 5.B.1 Advisory Services for further details.

B.2. FINANCIAL PLANNING SERVICES

A portion of the Financial Planning fees will be paid upon the commencement of the financial planning services and

the remainder will be paid as soon as the financial plan has been delivered to the client. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

C. ADDITIONAL CLIENT FEES CHARGED

Unless the client participates in a Wrap Fee Program, all fees paid for advisory services are in addition to and separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described, respectively, in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospect.

In some cases, affiliates of Adviser may provide services to client assets separate and apart from the Wrap Agreement. In particular, affiliates of Advisers may provide services to Client assets as a broker-dealer or representative thereof. In such a case, such assets ("Non-Account-Assets") may be subject to brokerage commissions and /or other transactional or other fees other than as set forth in Sanctuary's advisory agreement (and in no way offset against fees charged under the Wrap Agreement).

D. CONFLICTS OF INTEREST

Due to the external compensation opportunities available to IARs, a conflict of interest presents because IARs have an incentive to recommend investment products based on the compensation received, rather than on the client's needs. Sanctuary Advisors has implemented a Code of Ethics and internal policies and procedures to ensure that the interests of its clients are given priority to the interests of its IARs. See Item 11: Code of Ethics, Participation or Interests in Client Transactions and Personal Trading for details regarding the Code of Ethics and Sanctuary Advisors internal policies and procedures.

Sanctuary Securities trades certain products that clients of Sanctuary Advisors may desire to own, or an IAR may deem beneficial for the clients to own. When access to these products are in the best interest to the client, and the price for which the client may pay to gain access to these products is considered within Best Execution standards, IARs may acquire those products for advisory clients. Sanctuary Advisors may charge advisory fees on these products from which Sanctuary Securities may receive additional commissions or markups. This includes proprietary and non-proprietary products. This creates a conflict of interest as IARs may have an incentive to recommend products provided by Sanctuary Securities, even if the IAR is not directly compensated in any way by Sanctuary Securities.

ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Firm does not charge any performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client). The Firm does not participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

ITEM 7: TYPES OF CLIENTS

We offer investment advisory services to the following types of clients:

- Individuals;
- Corporations and other businesses;
- Trusts;
- Estates;
- Charitable organizations.
- Pension and Profit-Sharing Plans

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively. We, at our sole discretion, may establish a minimum portfolio asset value size requirement for your account.

We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. METHODS OF ANALYSIS AND MATERIAL RISKS

Sanctuary Advisors uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Sanctuary Advisors and its IARs are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. Sanctuary Advisors may employ outside vendors, utilize third-party software or leverage affiliates to assist in formulating investment recommendations to clients. Each method of analysis requires underlying information from the companies whose securities are being bought and sold, the rating agencies that review the securities, and/or other publicly-available sources of information. As such, every method of analysis is subject to the risk that the underlying information provided by these sources is inaccurate or biased. Sanctuary Advisors makes efforts to identify unreliable information; however, there is always a risk that Sanctuary Advisors' analysis is compromised by inaccurate or misleading information. Sanctuary Advisors uses the below methods of analysis in formulating its investment advice and/or managing client assets.

A.1. FUNDAMENTAL ANALYSIS

The attempt to measure the intrinsic value of a security by examining economic, financial, and other qualitative and quantitative factors. Fundamental analysis looks at revenues, earnings, profit margins, return on equity, and other data to determine a company's potential for growth. It also considers the overall economy and industry conditions. Risk of fundamental analysis lies in that it does not attempt to predict or anticipate market movements.

A.2. QUANTITATIVE ANALYSIS

The use of mathematical and statistical modeling to obtain more accurate measurements of a company's quantifiable data, such as historical price and volume statistics, performance data, standard deviation and related risk metrics, and a security's performance relative to the overall market. Quantitative analysis runs the risk of not taking into account qualitative factors that may affect the investment. Additionally, quantitative analysis heavily relies on the accuracy of underlying data.

A.3. TECHNICAL ANALYSIS

The charting of price and volume data, as reported by the exchange on which the security is traded. Technical analysis focuses on price trends and sector movements to recognize undervalued or oversold securities. Technical analysis does not consider the underlying financial condition of the company, so it runs the risk that a poorly-managed or financially unstable company may appear as a suitable investment for the client.

A.4. MUTUAL FUND AND/OR MANAGER EVALUATION

The review of qualitative and quantitative information available on the mutual fund or manager to determine the suitability of the selection. The quantitative analysis includes consideration of: performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks; analysis of risk-adjusted returns; analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis; fund, sub-advisor or manager's fee structure; and portfolio manager's tenure. Sanctuary Advisors will also consider qualitative factors including: investment objectives and/or management style and philosophy of a mutual fund or manager; mutual fund or manager's consistency of investment style; and employee turnover, efficiency and capacity. The Wealth Advisor will discuss relevant quantitative and qualitative factors

pertaining to their recommendations with clients prior to a client's determination to retain or discharge a mutual fund or manager.

A.5. INHERENT RISKS OF INVESTING

Clients should be cognizant of the potential and inherent risks of investing in securities, including loss of capital. There is no assurance that Sanctuary Advisors will be able to attain your objectives, that any investment recommendation will be profitable, or a particular rate of return will be achieved.

B. INVESTMENT STRATEGIES AND MATERIAL RISKS

Sanctuary Advisors typically invests in individual equity and fixed income securities, open-end mutual funds and exchange-traded funds for the vast majority of its clients. However, Sanctuary Advisors does not restrict itself in the types of securities it may utilize, if appropriate for the client. The securities most commonly used in its advisory services may include the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Corporate debt obligations
- Options

B.1. LONG-TERM PURCHASES

Sanctuary Advisors' investment strategy is generally long term in nature and predicated on a diversified portfolio of securities custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

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

B.2. SHORT-TERM TRADING

Although Sanctuary Advisors, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. Short-term trading involves the purchase of securities with the intent of selling them within a relatively short time (typically a year or less).

There is an inherent risk for clients who utilize short-term trading, in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

B.3. MARGIN LEVERAGE

Although Sanctuary Advisors, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Sanctuary Advisors will utilize leverage. The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum

equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

B.4. SHORT SELLING

Sanctuary Advisors generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales are the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

B.5. OPTION STRATEGIES

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Sanctuary Advisors as part of its investment strategy may employ the following option strategies typically, but not limited to:

- Covered call writing
- Long call options purchases
- Long put options purchases

B.5.a. Covered Call Writing

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

B.5.b. Long Call Option Purchases

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

B.5.c. Long Put Option Purchases

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

ITEM 9: DISCIPLINARY INFORMATION

Sanctuary Advisors has no disciplinary events that it is required by SEC rules to disclose related to disciplinary events.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITY AND AFFILIATIONS

A. BROKER-DEALER OR REPRESENTATIVE REGISTRATION

Management Persons of Sanctuary Advisors are dually registered as investment advisors and representatives of a registered broker-dealer, Sanctuary Securities. These professionals are subject to the general oversight of FINRA. Clients of Sanctuary Advisors should understand that their personal and account information is available to FINRA for the fulfillment of its regulatory oversight obligations and duties.

B. MATERIAL RELATIONSHIPS MAINTAINED BY THIS ADVISORY BUSINESS AND CONFLICTS OF INTEREST

B.1. SANCTUARY SECURITIES

Sanctuary Securities is a related person of Sanctuary Advisors through common control. Management Persons of Sanctuary Advisors may also be Management Persons of Sanctuary Securities. In the event the Sanctuary Securities acts as a broker-dealer for a client of Sanctuary Advisors, there will be a conflict of interest. To address any conflict of interest, Sanctuary Advisors has implemented a Code of Ethics and specific policies and procedures to ensure any transaction is in the client's best interest. See Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading for further details on addressing conflicts of interests in these situations.

B.2. SALES OF MUTUAL FUNDS AND 12B-1 FEES

Sanctuary Advisors uses Mutual Funds to diversify client holdings and provide broader exposure to certain markets depending on the clients' risk profile and goals. Mutual Funds are generally offered in different share classes (e.g. A Shares, I Shares, etc.) with varying fee structures, including share classes with sales load, sales charges or 12B-1 fees. Sanctuary Advisors strives to use the lowest fee share class in most circumstances, however on occasion the Adviser does not meet certain criteria to purchase I shares or similarly offered low expense share classes. In these cases, the Adviser will use a higher fee share class that may carry a 12B-1 fee. 12B-1 fees are deducted from the client's mutual funds' assets on an ongoing basis and are paid to the client's broker-dealers / custodians. It should be noted that certain Sanctuary Advisor employees are registered representatives of affiliated broker-dealers and will receive 12B-1 fee's through their transaction with the broker-dealer. This creates a conflict of interest. Please see Item 10 C.1 for more information on this and other conflicts of interest.

B.3. INSURANCE SALES

Certain IARs are licensed insurance agents through Sanctuary Securities. With respect to the provision of financial planning services, Wealth Advisers may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. This causes a conflict of interest in that an Advisor will receive additional compensation from sales of insurance products to clients. Clients are under no obligation to execute recommendations relating to insurance and/or annuity products through Sanctuary Securities, or any other firm. If you choose to use Sanctuary Securities, the Advisor will receive a commission. See Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading for further details on addressing conflicts of interests in these situations.

B.4. PRIVATE FUNDS

Sanctuary Advisors serves as an adviser to three private venture capital funds. These entities are no longer accepting or soliciting investments. See Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading for further details on addressing conflicts of interests in these situations.

C. RECOMMENDATION OR SELECTION OF OTHER INVESTMENT ADVISORS

Sanctuary Advisors does not receive any additional referral or sales compensation for referring clients to other investment advisers.

Sanctuary Advisors may delegate some or all of its investment advisory functions over a particular client account or accounts to another investment adviser (called a sub-adviser). Prior to delegating advisory functions, Sanctuary Advisors will perform due diligence on the sub-adviser, enter into a sub-advisory contract with the sub-adviser, and supervise the advisory and other services provided by the sub-adviser. Sanctuary Advisors will inform the client of

the sub-adviser to which it delegates investment advisory functions and what portion of the client's account is being given over to the sub-adviser to manage. Sanctuary Advisors or its sub-adviser may collect both adviser and sub-advisers fees and remit a portion to the other party. However, the client's advisory service fee, as defined in the Investment Advisory Contract, will not change.

See Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading for further details on addressing conflicts of interests in these situations.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. CODE OF ETHICS DESCRIPTION

In accordance with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”), Sanctuary Advisors has adopted a Code of Ethics, which includes written procedures governing the conduct of Sanctuary Advisors' IARs. The Code of Ethics’ objectives are to:

- Provide standards of honest and ethical conduct;
- Promote compliance with applicable federal and state laws, rules, and regulations;
- Facilitate prompt internal reporting of violations of the Code of Ethics; and
- Deter wrongdoing.

All IARs of Sanctuary Advisors are required to sign and return an acknowledgement of the Code of Ethics, attesting that they have read and understand it. The Code of Ethics and applicable securities transactions are monitored by the Chief Compliance Officer of Sanctuary Advisors.

Sanctuary Advisors will provide a copy of its Code of Ethics to any client or prospective client upon request.

B. INVESTMENT RECOMMENDATIONS INVOLVING A MATERIAL FINANCIAL INTEREST AND CONFLICTS OF INTEREST

From time to time, Sanctuary Advisors and/or a related person may recommend to clients, or buy or sell for client accounts, securities in which it or a related person has a material financial interest. Such practices may present a conflict of interest. Sanctuary Advisors and its related persons have implemented specific policies and procedures on conducting these practices to: (i) comply with the Advisers Act; and (ii) uphold Sanctuary Advisors’ fiduciary duties to its clients by prioritizing the client’s interests above all others.

B.1. PRINCIPAL TRADING

In a principal transaction, Sanctuary Advisors or a related person purchases a security from, or sells a security to, an advisory client. Because Sanctuary Advisors’ interests will conflict with the client’s in such a transaction, Sanctuary Advisors shall engage in a principal trade only if:

- 1) The client authorizes the transaction and provides consent prior to completing the transaction;
- 2) The transaction is in the best interest of the client; and
- 3) The nature and terms of the transaction are disclosed to the client, including: (i) Sanctuary Advisors’ original purchase price for the security it proposes to sell to the client; (ii) the price Sanctuary Advisors expects to receive on resale for securities it purchases from clients; and (iii) the price at which the security could be bought or sold elsewhere, in the event the client would have received a better price.

B.2. PROPRIETARY TRADING

Sanctuary Advisors may recommend securities to advisory clients in which it has some proprietary or ownership interest. When executing securities trades in proprietary firm accounts, Sanctuary Advisors will be especially careful to make sure that such trading activity is:

- Not favoring proprietary accounts over client accounts when allocating investment opportunities;
- Not conducted in advance of client transactions in similar securities;
- Not in opposition to recommendations made for client securities transactions;
- Not based upon inside information or research analyst report prepared by Sanctuary Advisors;
- Not otherwise in violation of applicable laws or fiduciary duties owed to clients.

B.3. AGENCY CROSS TRADING

An agency cross trade is a securities transaction between an advisory client and a non-advisory client, where the advisory client buys from, or sells securities to, the non-advisory client, and the dually registered adviser/broker-dealer has discretion over only the advisory client's account and executes the trade on behalf of both clients in its capacity as a broker-dealer. Agency cross trading presents a conflict of interest because the adviser/broker-dealer is obligated to act in the best interest of two clients with conflicting interests. Sanctuary Advisors will only engage in an agency cross trade if such trade is in the best interests of the participating advisory client and brokerage customer, and neither is disadvantaged by such trade. Additionally, in the event Sanctuary Advisors executes a cross trade, Sanctuary Advisors will also do so in compliance with Rule 206(3)-2 of the Advisers Act.

C. ADVISORY FIRM PURCHASE OF SAME SECURITIES RECOMMENDED TO CLIENTS AND CONFLICTS OF INTEREST

From time to time, Sanctuary Advisors and its Supervised Persons may purchase the same securities that it recommends to clients. This may raise potential conflicts of interest when a Supervised Person trades in a security that is owned by a client or considered for purchase or sale by a client. Such conflict generally refers to the practice of front-running (trading ahead of the client), which the firm specifically prohibits.

It is the policy of Sanctuary Advisors that no Supervised Person may purchase or sell any security prior to a transaction being implemented for a client account, thereby preventing such Supervised Person from benefiting from transactions placed on behalf of clients. Sanctuary Advisors has adopted specific policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- Require IARs and employees to act in the client's best interest;
- Prohibit front-running; and
- Provide for the review of transactions to discover and correct any trades that result in a Wealth Advisor or employee benefitting at the expense of a client.

The Code of Ethics also addresses personal trading by Supervised Persons and is designed to ensure that the personal securities transactions, activities, and interests of Supervised Persons will not interfere with making decisions in the best interest of clients and implementing such decisions.

Supervised Persons may purchase or sell, directly or indirectly, a security for his or her own account at the time that the same security or related security is being purchased or sold by a client. All transactions of Supervised Persons are compared to their client transactions on a daily basis. Supervised Persons will receive the same price for purchases or sales of securities as clients when an average price account is used. If there are different prices for execution, the Supervised Person will receive the worst fill price that their clients received on the same day.

No Supervised Person shall recommend any transaction in any securities by a client without having disclosed his or her interest, if any, in such securities or the issuer thereof, including:

- The Supervised Person's beneficial ownership of any securities of such issuer;
- Any contemplated transaction by the Supervised Person in such securities;
- Any position the Supervised Person has with such issuer; and
- Any present or proposed business relationship between such issuer and the Supervised Person.

D. CLIENT SECURITIES RECOMMENDATIONS OR TRADES AND CONCURRENT ADVISORY FIRM SECURITIES TRANSACTIONS AND CONFLICTS OF INTEREST

Sanctuary Advisors, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Sanctuary Advisors clients. The firm will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (Please refer to Item 12.B. Aggregating Securities Transactions for Client Accounts). It is the policy of Sanctuary Advisors to place the clients' interests above those of the firm and its employees.

ITEM 12: BROKERAGE PRACTICES

A. FACTORS USED TO SELECT BROKER-DEALERS FOR CLIENT TRANSACTIONS

Sanctuary Advisors will endeavor to seek best execution when placing trades for clients. In attempting to achieve best execution, Sanctuary Advisors will not necessarily seek to obtain the lowest commission but rather will seek the best overall qualitative execution. Sanctuary Advisors has established the following general criteria to evaluate a broker-dealer: (i) financial stability of the broker-dealer; (ii) size and types of transactions the broker-dealer is capable of handling; (iii) ability to process challenging trades; (iv) research capabilities; and (v) ability to provide services in addition to execution services that enhance Sanctuary Advisors' portfolio management capabilities.

Sanctuary Advisors maintains an Approved List of Broker-Dealers. A Wealth Advisor may execute a client trade with a particular broker-dealer only if that broker-dealer appears on the Approved List of Broker-Dealers, unless he or she determines and documents the determination that using a non-approved broker-dealer is in the client's best interest.

Sanctuary Advisors uses the following steps to establish and update from time to time the Approved List of Broker-Dealers:

- Sanctuary Advisors will meet to evaluate the broker-dealers' trading techniques and strategies and the performance of the broker-dealers.
- Sanctuary Advisors will, at a minimum, consider input from portfolio managers, traders and others; acceptable commission ranges for trades; information about the commissions paid over the previous quarters, including whether deviation from the pre-established acceptable range exists and the circumstances surrounding such deviation; and statistical and other information from consultants and vendors on the execution capabilities of broker-dealers.
- The Approved List of Broker-Dealers will be modified to reflect the conclusions reached.

The final determination to engage a broker-dealer recommended by Sanctuary Advisors will be made by and in the sole discretion of the client. Clients should recognize that broker-dealers have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers.

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent, and unaffiliated, SEC-Registered broker-dealer. TD Ameritrade offers to independent investment Advisors Services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

A.1. SOFT DOLLAR BENEFITS

Sanctuary Advisors does not receive "soft dollar benefits" in exchange for delivering business to a broker-dealer or other third party. Soft dollar benefits are generally defined as benefits (besides normal fees) received from a firm in exchange for doing business with the firm. These benefits may include access to software, hardware, and/or research.

A.2. BROKERAGE FOR CLIENT REFERRALS

In selecting or recommending broker-dealers, Sanctuary Advisors does not consider whether Sanctuary Advisors or a related person receives client referrals from a broker-dealer or third party.

A.3. DIRECTED BROKERAGE

A.3.a. Sanctuary Advisors Recommendations

Sanctuary Advisors does not routinely recommend, request or require clients to direct Sanctuary Advisors to execute transactions through a specified broker-dealer. Transactions in advisor directed program accounts are generally executed through Sanctuary Advisors' affiliated broker-dealer, Sanctuary Securities, and its clearing firm through unaffiliated broker-dealers. Clients choosing to invest through the Wells Fargo Clearing Services platform should

note that Sanctuary Securities is the broker-dealer of record for accounts held at Wells Fargo Clearing Services. See Item 10.C.1. Sanctuary Securities, LLC for further information.

A.3.b. Client-Directed Brokerage

Occasionally, clients may direct Sanctuary Advisors to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that doing so may cost the client more money, as they will lose any possible advantage Sanctuary Advisors derives from aggregating transactions (Further defined in Item 12.B. Aggregating Securities Transactions for Client Accounts below) and Sanctuary Advisors may be unable to achieve most favorable execution of client transactions. Such client trades are typically affected after the trades of clients who have not directed the use of a particular broker-dealer.

B. AGGREGATING SECURITIES TRANSACTIONS FOR CLIENT ACCOUNTS

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) to reduce transaction costs, subject to the aggregation being (i) in the best interests of each client participating in the order; (ii) consistent with Sanctuary Advisors' duty to obtain best execution; and (iii) consistent with the terms of the Investment Advisory Contract of each participating client. Prior to aggregating a client's trades with those of other clients, Sanctuary Advisors will obtain consent from the client, either in the Investment Advisory Contract or a separate agreement. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Sanctuary Advisors believes that a larger size block trade would lead to best overall price for the security being transacted.

ITEM 13: REVIEW OF ACCOUNTS

A. SCHEDULE FOR PERIODIC REVIEW OF CLIENT ACCOUNTS OR FINANCIAL PLANS AND ADVISORY PERSONS INVOLVED

The Chief Compliance Officer or other investment personnel will monitor your accounts on an ongoing basis and will conduct account reviews at least annually or upon client request, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

B. CONTENT OF CLIENT-PROVIDED REPORTS AND FREQUENCY

Clients will receive account statements directly from the custodian of their accounts at least quarterly. Clients should contact Sanctuary Advisors and/or the custodian if there are any discrepancies regarding the reports/statements.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. ECONOMIC BENEFITS PROVIDED TO THE ADVISORY FIRM FROM EXTERNAL SOURCES AND CONFLICTS OF INTEREST

Sanctuary Advisors may receive economic benefits from external sources for providing advisory services to its clients. These economic benefits may present a conflict of interest and attempt to indirectly influence Sanctuary Advisors. Sanctuary Advisors does not consider any additional economic benefits it receives in making recommendations to its clients. It strictly adheres to the Code of Ethics and policies and procedures described in Item 11.

A.1. SOLICITATION ARRANGEMENT

Sanctuary Advisors may refer clients to certain investment management firms in return for an ongoing portion of the fee received by such investment manager. All such arrangements are in compliance with Rule 206(4)-3 under the Advisers Act. Generally, these requirements require the solicitor (Sanctuary Advisors) to have a written agreement with the investment management firm. Sanctuary Advisors must provide the client with a disclosure document describing the fees it receives from the investment management firm, whether those fees represent an increase in fees that the investment management firm would otherwise charge the client, and whether an affiliation exists between Sanctuary Advisors and the investment management firm.

A.2. CLIENT REFERRALS AND OTHER CUSTODIAL COMPENSTION

Sanctuary Advisors may participate in institutional customer programs sponsored by broker-dealers or custodians. Sanctuary Advisors may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Sanctuary Advisors' participation in such programs and the investment advice it gives to its clients, although Sanctuary Advisors receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations,
- Research-related products and tools,
- Consulting services,
- Access to a trading desk serving Sanctuary Advisors' participants,
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts),
- The ability to have advisory fees deducted directly from client accounts,
- Access to an electronic communications network for client order entry and account information,
- Access to mutual funds with no transaction fees and to certain institutional money managers, and/or
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Sanctuary Advisors by third-party vendors.

The custodians may also pay for business consulting and professional services received by Sanctuary Advisors' related persons and may pay or reimburse expenses (including transition support, travel, lodging, meals and entertainment expenses for Sanctuary Advisors' personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Sanctuary Advisors but may not benefit its client accounts. These products or services may assist Sanctuary Advisors in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Sanctuary Advisors manage and further develop its business enterprise. The benefits received by Sanctuary Advisors or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer. Sanctuary Advisors also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Sanctuary Advisors to maintain a predetermined level of assets at such firms.

Sanctuary Advisors may recommend that clients establish brokerage accounts with the Custodian division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab 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 Advisors is independently owned and operated and not affiliated with Schwab. Schwab provides Sanctuary Advisors with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. 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 Custodian. Schwab's services 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.

For Sanctuary Advisors' client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Sanctuary Advisors other products and services that benefit Sanctuary Advisors but may not benefit its clients' accounts. These benefits may include national, regional or Sanctuary Advisors specific educational events organized and/or sponsored by Custodian. Other potential benefits may include occasional business entertainment of personnel of Sanctuary Advisors by Custodian 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 Advisors 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 Advisors 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 Advisors' accounts, including accounts not maintained at Custodian. Custodian also makes available to Sanctuary Advisors other services intended to help Sanctuary Advisors 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 capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Sanctuary Advisors by independent third parties. Custodian 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 Advisors. While, as a fiduciary, Sanctuary Advisors endeavors to act in its clients' best interests, Sanctuary Advisors' recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Sanctuary Advisors 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 Schwab, which may create a potential conflict of interest.

As disclosed under Item 12 above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to

Sanctuary Advisors may recommend that clients establish brokerage accounts with TD Ameritrade. Sanctuary Advisors also receives certain additional economic benefits ("Additional Benefits") that may or may not be offered to any other independent advisors participating in that program. The Additional Services include payment for services provided by vendors for transition management, marketing, technology and trading. The payment of these services has economic value to Sanctuary Advisors. TD Ameritrade provides the Additional Services to Sanctuary Advisors in its sole discretion and at its own expense, and Sanctuary Advisors does not pay a fee to TD Ameritrade for the

Additional Services. Sanctuary Advisors and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

Sanctuary Advisors’ receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Sanctuary Advisors, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Sanctuary Advisors’ receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

As part of its fiduciary duties to clients, Sanctuary Advisors endeavors to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Sanctuary Advisors or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Sanctuary Advisors’ recommendation of broker-dealers for custody and brokerage services.

B. ADVISORY FIRM PAYMENTS FOR CLIENT REFERRALS

Sanctuary Advisors may pay referral fees to independent persons or firms (“Solicitors”) for introducing clients to the firm. Whenever Sanctuary Advisors pays a referral fee, it requires the Solicitor to provide the prospective client with a copy of this document (the Firm Brochure), and a separate disclosure statement that includes the following information:

- The Solicitor’s name and relationship to Sanctuary Advisors;
- The fact that the Solicitor is being paid a referral fee;
- The amount of the fee; and
- Whether the fee paid to Sanctuary Advisors by the client will be increased above Sanctuary Advisors’ normal fees in order to compensate the Solicitor.

As a matter of firm practice, advisory fees paid to Sanctuary Advisors by clients referred by Solicitors are not increased as a result of any referral. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act, related SEC staff interpretations, and other applicable laws and regulations. In no event will such solicitation services include providing investment advisory services.

The compensation paid by Sanctuary Advisors for these solicitation services is paid completely from the management fees earned, which are not increased or passed through to the referred client in any way as a result of a third-party solicitor’s involvement in the introduction.

C. EVENT SPONSORSHIP

Periodically Sanctuary holds advisor meetings or industry conferences which may be firm-only or include external attendees. These meetings provide sponsorship opportunities for vendors and other third-party providers. Sponsorship fees allow these companies access to Sanctuary Advisors’ IARs and employees to discuss ideas, products, or services. The sponsorship fees also supplement the payment of the meeting or future meetings. This presents a potential conflict of interest, as Sanctuary Advisors may refer business to a certain vendor following their attendance and sponsorship. In order to mitigate the potential conflict of interest, sponsorship fees are not dependent on assets placed with any specific provider, or the revenue generated by asset placement. See Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading for further details.

ITEM 15: CUSTODY

All client assets are held in custody by unaffiliated Qualified Custodians. Under Rule 206(4)-2 of the Advisers Act, Sanctuary Advisors is deemed to have custody of a client's assets when it is authorized to instruct the custodian to deduct its advisory service fee directly from a client's account. For such accounts, the custodian will send an account statement, at least quarterly, directly to each client. The account statement will, at a minimum: (i) identify the amount of fund and each security in the account at the end of the period; and (ii) set forth all transactions in the account during that period. Clients are urged to conduct a careful and regular review of their account statements.

Sanctuary Advisors is deemed to have custody of the three Private Funds it manages due to being named both the General Partner and Advisor to the Funds. When assets are in the Private Funds, the Funds undergo a Financial Audit conducted by a PCAOB accounting firm.

See Item 13: Review of Accounts for further details.

ITEM 16: INVESTMENT DISCRETION

Sanctuary Advisors accepts discretionary authority to manage securities accounts on behalf of clients. A discretionary account allows the Wealth Advisor, at its discretion, to decide when to buy and sell securities for the client; what securities to buy and sell for the client; and the price to pay or receive for securities bought and sold for the client.

Sanctuary Advisors will ask each new client whether he or she desires to grant investment discretionary authority to Sanctuary Advisors, and if so, Sanctuary Advisors will verify the following:

- The client's Investment Advisory Contract contains a provision expressly granting discretionary authority to Sanctuary Advisors or has a Power of Attorney attached to the Investment Advisory Contract that grants discretionary authority to Sanctuary Advisors;
- The new client will be instructed to review the discretionary trading clause or Power of Attorney prior to executing the document(s); and

ITEM 17: VOTING CLIENT SECURITIES

A. AUTHORITY TO VOTE

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Sanctuary Advisors has adopted and implemented written policies and procedures governing the voting of client securities. Clients may elect to have Sanctuary Advisors vote proxies on their behalf or they may keep authority to vote their proxies. All proxies that Sanctuary Advisors receives will be treated in accordance with these policies and procedures.

Sanctuary Advisors seeks to vote proxies in the best interests of its clients. Sanctuary Advisors will use its best efforts to vote proxies on behalf of clients and will vote proxies where it is afforded the ability to do so. Sanctuary Advisors supplements its evaluation of client proxies with guidance from an independent corporate governance consulting firm.

There may be instances where issues or conflicts exist that prevent Sanctuary Advisors from voting client proxies. In some situations, acting in the client's best interest may include abstention from voting. For example, Sanctuary Advisors may not vote proxies where it believes the cost of voting outweighs the benefits (e.g., voting on international securities where personal appearance is required, not having sufficient information to vote the proxy, etc.).

Sanctuary Advisors has not identified any material conflicts of interest in connection with past proxy votes. Such a conflict could arise if, for example, a client was a senior executive with a publicly traded company and other clients held securities issued by that company. Absent specific client instructions, if Sanctuary Advisors identifies a material conflict of interest, it will determine the appropriate course of action on a case by case basis.

A copy of Sanctuary Advisors/ proxy voting policies and procedures, as well as specific information about how Sanctuary Advisors has voted in the past for your account, is available upon request. Upon written request, clients can also take responsibility for voting their own proxies or can give Sanctuary Advisors instructions about how to vote their respective shares.

ITEM 18: FINANCIAL INFORMATION

A. FINANCIAL CONDITIONS REASONABLY LIKELY TO IMPAIR ADVISORY FIRM'S ABILITY TO MEET COMMITMENTS TO CLIENTS

There are no financial conditions that would impair Sanctuary Advisors' ability to meet contractual commitments to clients.

B. BANKRUPTCY PETITIONS DURING THE PAST TEN YEARS

Sanctuary Advisors has not been the subject of a bankruptcy petition at any time.