

# SENTRYADVISORS

## **Sentry Advisors, LLC**

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### **Form ADV, Part 2A**

This Form ADV, Part 2A, ("Brochure"), provides information about the qualifications and business practices of Sentry Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (415) 229-9070. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Sentry Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Sentry Advisors, LLC is: 174042.

Sentry Advisors, LLC is registered with the SEC under the Investment Advisers Act of 1940. Registration of an investment adviser does not imply any level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Sentry Advisors will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

Since the filing of our annual updating amendment, dated March 28, 2019, we have no material changes to report.

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## Item 4 Advisory Business

Sentry Advisors, LLC. ("Registrant") is owned and operated by Alex Flagg, Managing Member and Greg Powell, Managing Member. Registrant was formed and registered under the Investment Advisers Act of 1940 ("Advisers Act") in 2015.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "Registrant," "we," "our," and "us" refer to Sentry Advisors and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### **Portfolio Management Services**

Registrant provides investment advice and management to individually managed accounts that is tailored to the needs of individual clients. For discretionary clients, Registrant has complete discretion over the selection and amount of securities to be bought or sold without obtaining specific client consent prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions, and over the commission rates to be paid. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms.

Clients may impose restrictions on their investments upon request in writing. These restrictions may include prohibitions or limits on individual securities, security types, asset classes, allocation, liquidity, credit quality and income.

For non-discretionary accounts, Registrant generally does not have discretion to buy or sell securities without specific client consent. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

As part of our portfolio management services, we may use one or more sub-advisers to manage a portion of your account on a discretionary basis. The sub-adviser(s) may use one or more of their model portfolios to manage your account. We will regularly monitor the performance of your accounts managed by sub-adviser(s), and may hire and fire any sub-adviser without your prior approval. We may pay a portion of our advisory fee to the sub-adviser(s) we use; however, you will not pay our firm a higher advisory fee as a result of any sub-advisory relationships.

We also utilize the platform of a directly held mutual fund company, Federated Securities Corp. ("FSC"). Through FSC, we have access to a family of mutual funds with varying degrees of risk and investment objectives in order to create a customized and diversified portfolio for you. This arrangement was originally designed and implemented to achieve the most competitive money market rates on behalf of our Clients.

We also utilize the platform of an investment management company, Eaton Vance ("EV"). Through EV, we have access to several limited partnership investment vehicles, that provide owners of concentrated equity positions the ability of diversification without creating a taxable event. These investment vehicles, otherwise known as Exchange Funds, are only available to "accredited Investors" who are also "qualified purchasers" as defined by the Investment Advisers Act of 1940.

### **Financial Planning Services**

We offer financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative or

single subject planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will review that modeling with you in writing, online or in a discussion, in order to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change. In addition, you must be aware that even small changes in assumptions on rates of return or spending patterns can result in a dramatic change in financial outcomes. While we try to be conservative in our approach to assumptions used in the financial planning process, there are simply no assurances that the outcomes will match the modeling presented in these hypothetical presentations.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our financial planning recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our financial planning recommendations by placing securities transactions with any brokerage firm.

### **Selection of Other Advisers**

We may recommend that you use the services of a third party money manager ("TPMM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific TPMM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the TPMM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The TPMM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire TPMM(s) and/or reallocate your assets to other TPMM(s) where we deem such action appropriate.

### **Wrap Fee Program**

We are a portfolio manager to and sponsor of a wrap fee program, which is a type of investment program that provides clients with access to several money managers or mutual fund asset allocation models for a single fee that includes administrative fees, management fees, and commissions. If you participate in our wrap fee program, you will pay our firm a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, see *Appendix 1* to this Brochure.

Registrant provides ADV Part 2A, Appendix 1 Wrap Fee Brochure to all Program participants.

**Types of Investments**

We offer advice on equity securities, warrants, corporate debt securities (other than commercial paper), commercial paper, certificates of deposit, municipal securities, variable life insurance, variable annuities, mutual fund shares, United States government securities, options contracts on securities, options contracts on commodities, futures contracts on tangibles, futures contracts on intangibles, money market funds, real estate, REITs, PIPEs, derivatives, structured notes, ETFs, interests in partnerships investing in real estate, interests in partnerships investing in oil and gas interests and interests in partnerships investing in venture capital and private equity.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

**Assets Under Management**

As of December 31, 2019, Sentry managed \$1,855,868,397 of client assets, of which we provide continuous management services for \$247,550,130 in client assets on a discretionary basis, and \$1,608,318,267 in client assets on a non-discretionary basis.

**Item 5 Fees and Compensation****Portfolio Management Services**

Fees are negotiable and may vary, but generally will be based on an annual percentage rate of 0.10% to 1.15% of assets under management. Fees are payable quarterly in advance at the beginning of each calendar quarter based on the market value of the assets under management at the close of the prior quarter. Newly established accounts will be charged on a pro rata basis for the remaining days of the quarter. A client may terminate an investment advisory agreement on five (5) business days advance written notice. On termination, clients may receive a refund of advisory fees on a pro-rated basis. Fees are generally deducted from client accounts.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Registrant believes that its fees are competitive with fees charged by other investment advisers for comparable services, but comparable services may be available from other sources for lower fees than those charged by Registrant.

**Financial Planning Services**

We will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

At our discretion, we may offset our financial planning fees to the extent you implement the financial plan through our Portfolio Management Service.

You may terminate the financial planning agreement upon five (5) business days advance written notice to our firm. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. If financial planning fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial planning agreement.

### **Selection of Other Advisers**

Advisory fees charged by TPMMs are separate and apart from our advisory fees. Assets managed by TPMMs will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Portfolio Management Services* section in this brochure. Advisory fees that you pay to the TPMM are established and payable in accordance with the brochure provided by each TPMM to whom you are referred. These fees may or may not be negotiable. You should review the recommended TPMM's brochure and take into consideration the TPMM's fees along with our fees to determine the total amount of fees associated with this program.

Our recommendations to use third party money managers are included in our portfolio management fee. We do not charge you a separate fee for the selection of other advisers nor will we share in the advisory fee you pay directly to the TPMM. Advisory fees that you pay to the TPMM are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document provided by each TPMM to whom you are referred. These fees may or may not be negotiable. You should review the recommended TPMM's brochure for information on its fees and services.

You may be required to sign an agreement directly with the recommended TPMM(s). You may terminate your advisory relationship with the TPMM according to the terms of your agreement with the TPMM. You should review each TPMM's brochure for specific information on how you may terminate your advisory relationship with the TPMM and how you may receive a refund, if applicable. You should contact the TPMM directly for questions regarding your advisory agreement with the TPMM.

### **Additional Fees and Expenses**

Registrant's fees for investment advisory services are separate and distinct from the fees and expenses charged to shareholders by certain products. The most common products with additional fees and expenses built in are mutual funds, variable annuities, exchange-traded notes and exchange-traded funds ("ETFs") all of which Registrant may recommend to advisory clients. Clients invested in mutual funds or ETFs will pay advisory fees to Registrant, additional brokerage, custodial and administrative fees at the custodial level and as a shareholder of the applicable mutual fund or ETF additional administrative and service fees. These mutual funds or ETF fees and expenses are described in each fund's prospectus. Registrant's fees are also separate and distinct from custodial, accounting, legal and other fees incurred by clients. Custodial fees are shown on your monthly account statements.

Our firm receives service fees from Federated Securities Corp. ("FSC") in connection with mutual funds purchased or held for advisory client accounts. This compensation is separate from our advisory fees and is not provided for inclusion in any "preferred provider" or similar preferred marketing program. We will waive the asset based portfolio management fee described above on client assets held at FSC.

Our firm receives service fees from Eaton Vance ("EV") in connection with limited partnership investments purchased or held for advisory client accounts. This compensation is separate from our advisory fees and is not provided for inclusion in any "preferred provider" or similar preferred marketing program.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are registered representatives with S.F. Sentry Securities, Inc. a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons receive compensation in connection with the purchase, sale or holding of securities or other investment products, including asset-based sales charges, services fees or 12b-1 fees of mutual funds. Compensation earned by these persons in their capacities as registered



representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Please refer to Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading for a description of how Registrant addresses these conflicts and upholds its fiduciary duty to its Clients.

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

Registrant does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client). 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. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

Registrant's clients include individuals, high net worth individuals, trusts, businesses, pension plans and charitable organizations. Registrant generally requires a minimum investment of \$1,000,000, although Registrant may accept a lesser amount in its discretion.

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**

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

Registrant provides its clients with individualized investment advice tailored to the investment objectives and financial situation of each client. Registrant's methods of analysis include fundamental analysis, charting and technical analysis. Registrant offers advice on the following types of securities: (1) equities (exchange listed, over-the-counter and foreign issues); (2) warrants; (3) corporate debt securities; (4) municipal securities; (5) United States government securities and Certificates of Deposit; and (6) ETFs and mutual funds. These investments bear the risk of loss at any time due to unforeseen market, economic, interest rate, liquidity or other risks.



When appropriate to the needs of the client, Registrant may recommend the use of short term trading (securities bought and sold within 30 days), margin transactions, short sales and/ or option writing as investment strategies. Because these investment strategies may involve increased risk of loss, they are only recommended when consistent with the client's stated tolerance for risk. Recommendation of margin provides a conflict of interest when charging an advisory fee on a client's month end market value. Registrant is aware of this conflict and will only recommend if appropriate for the individual client strategy.

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Charting Analysis** - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

**Risk:** Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

**Risk:** If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

**Option Writing** - a securities transaction that involves selling an option. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price on or before the expiration date of the option. When an investor sells a call option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. When an investor sells a put option, he or she must pay the strike price per share if the buyer exercises the option, and will receive the specified number of shares. The option writer/seller receives a premium (the market price of the option at a particular time) in exchange for writing the option.

**Risk:** Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

While we can assist with performing quantitative or qualitative analysis of individual securities, we will typically advise you on how to allocate your assets among various classes of securities or third party money managers. We primarily rely on investment model portfolios and strategies developed by the third party money managers and their portfolio managers. We may replace/recommend replacing a third party money manager if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

## **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Moreover, custodians and broker-dealers must report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

## **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Certificates of Deposit:** Certificates of deposit are generally the safest type of investment since they are insured by the federal government up to a certain amount. However, because the returns are generally very low, it is possible for inflation to outpace the return. Likewise, U.S. government securities are backed by the full faith and credit of the U.S. government but it is also possible for the rate of inflation to exceed the returns.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of the Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Leveraged Exchange Traded Funds:** Leveraged ETFs use swaps and other financial derivatives to maintain their leveraged exposure and are typically created to "reset" every day, meaning they will be rebalanced daily and the instruments and contracts that make up the ETF are going to change every day. This causes them to be inherently volatile instruments and create overnight risk when held to the next day. Leveraged ETFs are short-term vehicles and are not designed for long term purchasing. Leveraged ETFs perform best in trending environments when the market is in a low volatile, trending market leveraged ETFs will perform better than they would in a sideways market. This is because leveraged or inverse ETFs will magnify the returns of whatever the trend is. While leveraged ETF may magnify investor returns, they may also magnify the potential for losses.

**Commercial Paper:** Commercial paper ("CP") is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default. There is a less risk in asset based commercial paper (ABCP). The difference between ABCP and CP is that instead of being an unsecured promissory note representing an obligation of the issuing company, ABCP is backed by securities. Therefore, the perceived quality of the ABCP depends on the underlying securities.

**Variable Annuities:** A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable



annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds and mutual funds do. Some variable annuities offer "bonus credits." These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

**Real Estate:** Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. However, the asset class still bears a considerable amount of market risk. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.

**Real Estate Investment Trust:** A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

**Limited Partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst-case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

**Options Contracts:** Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk unlimited losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or ditch unexpectedly, leading to automatic exercises.

Other option trading risks are:



- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

**PIPES:** In a Private Investment in Public Equity ("PIPE") transaction, investors typically purchase securities directly from a publicly traded company in a private placement. Depending on the structure of the transaction, this can be done at a premium to or at a discount from the market price of the company's common stock. Because the sale of the securities is not pre-registered with the U.S. Securities and Exchange Commission ("SEC"), the securities are "restricted" and cannot be immediately resold by the investors into the public markets. Accordingly, the company will usually agree as part of the PIPE transaction to register the restricted securities with the SEC. Thus, the PIPE transaction can offer the company the speed and predictability of a private placement, while providing investors with a nearly liquid security. Risks of investing in PIPES include but may not be limited to substantial entry requirements, limited liquidity, limited investor control, potential for unfunded commitments, and loss of investment.

**Derivatives:** Derivatives are types of investments where the investor does not own the underlying asset. There are many different types of derivative instruments, including, but not limited to, options, swaps, futures, and forward contracts. Derivatives have numerous uses as well as various risks associated with them, but they are generally considered an alternative way to participate in the market. Investors typically use derivatives for three reasons: to hedge a position, to increase leverage, or to speculate on an asset's movement. The key to making a sound investment is to fully understand the characteristics and risks associated with the derivative, including, but not limited to counter-party, underlying asset, price, and expiration risks. The use of a derivative only makes sense if the investor is fully aware of the risks and understands the impact of the investment within a portfolio strategy. Due to the variety of available derivatives and the range of potential risks, a detailed explanation of derivatives is beyond the scope of this disclosure.

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

### Registrations with Broker-Dealer

Persons providing investment advice on behalf of our firm are registered representatives with S.F. Sentry Securities, Inc. a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. See the *Fees and Compensation* section in this brochure for more information on the compensation received by employees.

**Alex Flagg**

Mr. Flagg is the Managing Member and Principal of Registrant. He is also a Registered Representative of S.F. Sentry Securities, Inc. Mr. Flagg devotes the majority of his time to Registrant, the specific time will depend on circumstances.

#### **Greg Powell**

Mr. Powell is the Managing Member and Principal of Registrant. He is also a Registered Representative of S.F. Sentry Securities, Inc. Mr. Powell devotes the majority of his time to Registrant, the specific time will depend on circumstances.

#### **Elizabeth Ly**

Ms. Ly is the Chief Compliance Officer of Registrant. She is also a Registered Representative of S.F. Sentry Securities, Inc. Ms. Ly devotes the majority of her time to Registrant, the specific time will depend on circumstances.

#### **Recommendation of Other Advisers**

We may recommend that you use a third party money manager ("TPMM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPMM for recommending that you use their services. Moreover, we do not have any other business relationships with the recommended TPMM(s). Refer to the *Advisory Business* section above for additional disclosures on this topic.

#### **Recommendation of Money Market Funds**

Our firm also receives service fees from Federated Securities Corp. ("FSC") in connection with mutual funds purchased or held for advisory client accounts. This compensation is separate from our advisory fees and is not provided for inclusion in any "preferred provider" or similar preferred marketing program. This practice presents a conflict of interest because we have an incentive to recommend mutual funds for which we receive service fees. You are under no obligation, contractually or otherwise, to purchase or hold securities products through our firm or any affiliate.

#### **Recommendation of Limited Partnerships**

Our firm also receives service fees from Eaton Vance ("EV") in connection with purchased or held for advisory client accounts. This compensation is separate from our advisory fees and is not provided for inclusion in any "preferred provider" or similar preferred marketing program. This practice presents a conflict of interest because we have an incentive to recommend limited partnerships for which we receive service fees. You are under no obligation, contractually or otherwise, to purchase or hold securities products through our firm or any affiliate.

#### **Addressing Potential Conflicts of Interest**

Registrant recognizes that its relationships may result in potential conflicts of interest between the interests of advisory clients and the interests of Registrant. Registrant has taken numerous actions to address these potential conflicts of interest. Registrant is committed to meeting its fiduciary duty to its clients under the Advisers Act, which includes the duty to act in its clients' best interest at all times and to disclose material conflicts of interest.

Registrant has adopted and implemented a Code of Ethics and Compliance Program that includes policies and procedures regarding Registrant's fiduciary duty with respect to potential conflicts of interest. These policies and procedures require, among other things, that Registrant: (1) manage portfolios in accordance with client investment guidelines and objectives; (2) disclose all fees charged by Registrant; (3) allocate investment opportunities in a fair and equitable way; and (4) prohibit employees from wrongfully profiting at the expense of advisory clients. Registrant has also appointed Elizabeth Ly as the Chief Compliance Officer. As Chief Compliance Officer, Ms. Ly is responsible for ensuring that Registrant and its employees meet their fiduciary obligations under the Advisers Act and

Registrant's Code of Ethics and Compliance Program on an ongoing basis. Mr. Flagg and Mr. Powell are also responsible for ensuring that Registrant and its employees meet their fiduciary obligations under the Advisers Act and Registrant's Code of Ethics and Compliance Program.

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

### **Description of Our Code of Ethics**

Registrant has adopted a Code of Ethics for all supervised persons of the firm, which includes all employees of Registrant, describing its high standard of business conduct and fiduciary duty to its clients. The purpose of this Code of Ethics is to require Registrant and its employees to act in the best interests of its clients at all times and to address potential conflicts of interest between Registrant and its employees and advisory clients. Registrant's clients or prospective clients may request a copy of the Code of Ethics by contacting Elizabeth Ly, Chief Compliance Officer, at (415) 229-9073.

Registrant's Code of Ethics is based on the principle that all employees and certain other persons have a fiduciary duty to place the interest of clients ahead of their own interest and the interests of Registrant. The Code of Ethics applies to all "Access Persons" (i.e. employees and certain other persons with access to confidential information regarding client investments). Access Persons must avoid activities, interests and relationships that might interfere with making decisions in the best interest of advisory clients. As fiduciaries, all Access Persons must, at all times: (1) place the interests of advisory clients first; (2) avoid taking inappropriate advantage of their position (For example, access persons may not use their knowledge of portfolio transactions to profit by the market effect of such transactions); and (3) conduct and report all personal securities transactions in full compliance with the Code of Ethics on an ongoing basis. These reporting requirements ensure that Access Persons do not place their personal interests ahead of clients' interests when making their personal securities transactions.

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

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

The Code of Ethics also permits Registrant and its employees to personally invest in securities of the same class that are purchased for clients and to own securities of a class that are subsequently purchased for clients. If securities of a particular class are purchased or sold for clients and Registrant or its employees on the same day, then the client will either pay or receive a more favorable price, or receive the same price as Registrant and employees. Registrant and/or its employees may also buy or sell a specific security for its/their own account which they do not deem appropriate to buy or sell for clients.

Access Employees who violate the Code of Ethics are subject to sanctions, which may include dismissal from employment and the reporting of misconduct to legal authorities.

## Item 12 Brokerage Practices

The majority of Client accounts are held with, and trades are executed through, Charles Schwab & Co. Inc. and Fidelity, but Registrant maintains relationships with several broker-dealers. While you are free to choose any broker-dealer or other service provider as your custodian, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including but not limited to market information and administrative services that help our firm manage your account(s). We believe that the recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

In selecting a broker for any transaction or series of transactions, Registrant will attempt to obtain, in its good faith judgment, the best qualitative execution. In this regard, Registrant may consider a number of factors, including, for example, net price, reputation, financial strength and stability, efficiency or execution and error resolution, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, offering to Registrant on-line access to computerized data regarding clients' accounts, the availability of stocks to borrow for short trades and other matters involved in the receipt of brokerage services generally.

Registrant may receive certain software and research services in connection with client trades (i.e. software and research from Bloomberg). Registrant generally seeks to receive these services in a manner consistent with its fiduciary duty to its advisory clients and the provisions of Section 28(e) of the Securities Exchange Act of 1934. Various broker-dealers provide Registrant with proprietary research and other products and services (i.e. receipt of duplicate trade confirmations and account statements, trading desk access, the ability to aggregate clients' securities transactions, and the ability to directly debit advisory fees from clients' accounts). Registrant may also purchase from a broker or allow a broker to pay for certain research services, economic and market information, portfolio strategy advice, industry company comments, technical data, recommendations, general reports, consultations, performance measurement data, on-line pricing, news wire charges, office equipment and the like (a "soft dollar" relationship).

Registrant may pay a brokerage commission in excess of that which another Broker-Dealer might charge for effecting the same transaction in recognition of the value of the brokerage, research and other services and soft dollar relationships. In such a case, however, Registrant will determine in good faith that such commissions are reasonable in relation to the value of brokerage, research and other services and soft dollar relationships provided by such Broker-Dealer, viewed in terms of either the specific transaction or Registrant's overall responsibilities to the portfolios over which Registrant exercises investment authority. Some accounts, nevertheless, may pay higher brokerage commissions than are otherwise available, while the research and other benefits resulting from the brokerage relationship may benefit all Registrant accounts or Registrant's operations as a whole.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, non-wrap accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. If you participate in our wrap fee program described above, you will not pay any portion of the transaction costs in addition to the program fee. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order.

Where we do not combine multiple orders for shares of the same equity securities purchased for advisory accounts we manage, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

For Fixed Income positions the Company may elect to combine or aggregate orders in order to obtain an average price and allocate shares equitably among several client accounts. This technique is used as part of the Company's duty to seek best execution. Proprietary or related accounts will not be included in aggregated orders. Sentry Advisors may include non-discretionary accounts in aggregated client transactions to the extent the Company receives client approval of the transaction with respect to non-discretionary accounts timely. If the Company cannot reasonably obtain a timely client approval for a non-discretionary account, such account may be excluded from the aggregated order.

#### **Utilization of Charles Schwab & Co., Inc.**

Registrant may recommend that clients establish brokerage accounts with the Schwab Advisor Services 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. Registrant is independently owned and operated and not affiliated with Schwab. Schwab provides Registrant 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 Schwab Advisor Services. 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 Registrant's 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 Registrant other products and services that benefit Registrant but may not benefit its clients' accounts. These benefits may include national, regional or Registrant specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits



may include occasional business entertainment of personnel of Registrant by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Some of these products and services assist Registrant 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 Registrant'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 Registrant's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to Registrant other services intended to help us manage and further develop our 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 Registrant by independent third parties. Schwab Advisor Services 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 Registrant. While, as a fiduciary, Registrant endeavors to act in its clients' best interests, Registrant's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Registrant 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.

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

## **Item 13 Review of Accounts**

Client portfolios are reviewed and reconciled on at least a quarterly basis. More frequent reviews may be conducted in response to changes in market or economic conditions or changes in a client's investment objectives or financial condition. Reviews are generally conducted by Registrant's Investment Adviser Representatives.

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

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with S.F. Sentry Securities, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

Our firm also receives service fees from Federated Securities Corp. ("FSC") in connection with mutual funds purchased or held for advisory client accounts. This compensation is separate and in addition to our advisory fees and is not provided for inclusion in any "preferred provider" or similar preferred

marketing program. This practice presents a conflict of interest because we have an incentive to recommend mutual funds for which we receive service fees. You are under no obligation, contractually or otherwise, to purchase or hold securities products through our firm or any affiliate.

Our firm also receives service fees from Eaton Vance ("EV") in connection with limited partnerships purchased or held for advisory client accounts. This compensation is separate and in addition to our advisory fees and is not provided for inclusion in any "preferred provider" or similar preferred marketing program. This practice presents a conflict of interest because we have an incentive to recommend limited partnerships for which we receive service fees. You are under no obligation, contractually or otherwise, to purchase or hold securities products through our firm or any affiliate.

We do not compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## **Item 15 Custody**

Charles Schwab, Federated Securities Corp. and Fidelity are the custodians for over 95% of advisory clients' assets. Other custodians hold the remaining client assets. Custodians send monthly or quarterly brokerage or custodial statements directly to clients. These statements should be carefully reviewed by clients. Registrant encourages its clients to carefully compare quarterly reports provided by Registrant to custodial and brokerage statements issued by the Custodian(s).

### **Direct Debiting of Fees**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the



- address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
  7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

## Item 16 Investment Discretion

Registrant provides discretionary advisory services to its clients in accordance with investment guidelines and restrictions determined in consultation with clients. Discretionary services means that Registrant will purchase and sell securities without prior client permission in accordance with a limited power of attorney. The limited power of attorney prohibits Registrant from withdrawing funds from the clients' custodial and brokerage accounts. Refer to the *Advisory Business* section in this Brochure for more information on our discretionary management services.

For non-discretionary services, Registrant obtains specific client consent prior to the purchase or sale of a security. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## Item 17 Voting Client Securities

As a general rule, Sentry Advisors does not have the authority and does not vote proxies on behalf of advisory clients. While we may provide information and advice on proxies, clients retain the responsibility to receive and to vote proxies for all securities held in client portfolios.

We may vote proxies on behalf of advisory accounts depending on the executed investment advisory agreement and subject to certain de minimis provisions.

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

In the event you wish to direct Sentry Advisors on voting a particular proxy, you should contact our main office at the phone number on the cover page of this brochure with your instruction.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

## **Item 18 Additional Information**

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Class Action Lawsuits**

At your request, we may assist you, in conjunction with your legal counsel or other professionals, in filing claims with the claims administrator to participate in any settlement proceeds related to class action settlements involving a security held in your portfolio. We may also work with your legal counsel to determine whether you are eligible to participate in class action litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held in your portfolio.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures regarding any financial conditions that may impair their ability to meet contractual commitments to clients. Registrant has no financial conditions that impairs its ability to meet contractual and fiduciary commitments to clients, and has never been the subject of a bankruptcy proceeding.