



**SARGENT**  
INVESTMENT GROUP

**Sargent Investment Group, LLC**  
**Wrap Fee Program Brochure**

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Our Form ADV, Part 2A Appendix 1; disclosure Brochure ("Brochure") as required by the Investment Advisors Act of 1940 is a very important document between our Clients and "Sargent Investment Group, LLC" ("SIG" or the "Firm"). This Wrap Fee Brochure provides information about the qualifications and business practices of our Firm. If you have any questions about the contents of this Brochure, please contact us at 202-580-6400 and/or [compliance@sargentinvestmentgroup.com](mailto:compliance@sargentinvestmentgroup.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Sargent Investment Group, LLC is a federally registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

## Item 2 – Material Changes

1. There are no material changes to this ADV disclosure document since the annual amendment on March 8, 2019.
2. Updates made during the year were as follows:
  - Item 4, Fees and Compensation, expanding a description of the fees and fee billing process. Also note that SIG no longer includes cash accruals at quarter end in the balances that are used to determine the client's advisory fee payable
  - Item 9, Additional Information - Other Financial Industry Activities, describing conferences and events hosted by third-party investment managers
  - Item 9, Additional Information - Brokerage Practices, describing a Letter of Credit from TD Bank
  - Item 9, Additional Information - Client Referrals and Other Compensation, amending Service providers

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## **Item 4 – Services, Fees and Compensation**

SIG is a limited liability company organized in the state of Maryland and registered as an investment adviser with the U.S. Securities and Exchange Commission. The Firm was founded in April 2018 and is owned by Chris Sargent, Ricardo Rosenberg and Brian McGregor. The Firm employs a consultative approach to investment management and financial planning.

The Sargent Investment Group, LLC Wrap Program (the “Wrap Fee Program”) is an investment advisory program sponsored by SIG. The Wrap Fee Program provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. The Wrap Fee Program has no minimums, and client accounts will be designated as Wrap Fee Program accounts on SIG’s system.

### **Investment Advisory Services**

SIG provides investment advisory services on a discretionary or non-discretionary basis, based on the individual needs of a client. The services provided and the associated fees will be outlined in an Investment Advisory Agreement between the client and the Firm.

Through personal exploratory conversations with a client, SIG’s investment adviser representatives (“Adviser(s)”) gather a client’s information (which may include financial objectives, goals, investment time horizon and any other unique needs) and defines a client’s risk profile (or “client profile”) and investment objective in order to determine an appropriate asset allocation and security selection best suited to a client. SIG continues to monitor a client’s goals and circumstances and, on an ongoing basis, manages and rebalances the client portfolio as appropriate, taking into account any tax or other investment sensitivities communicated by the client. SIG’s wealth management process starts with investment management but may also consist of the coordination of a comprehensive range of integrated financial services to help a client reach their financial goals. SIG does not provide tax, accounting or legal advice, and we encourage our clients to consult with their tax, accounting and legal experts as appropriate. Clients will be responsible to advise SIG of any changes to their financial information, goals or other details that may impact the appropriateness of their portfolio allocation and investment objective.

Most client assets will be invested in readily marketable stocks (both foreign and domestic), corporate or municipal bonds, exchange-traded funds (“ETF”) and notes, options and mutual funds. Where appropriate, investments may be in small capitalization stocks which may be less liquid than investments in larger companies.

When managing assets on a discretionary basis, SIG is authorized to execute all trades in a client’s account without gaining a client’s permission prior to trading. When SIG services client accounts on a non-discretionary basis, all trades will be executed after gaining final approval of transactions from the client. SIG may provide advice to clients related to “outside or self-directed” assets (“Self-Directed Assets”), where the client retains all control of the account, and services are provided on an ad-hoc basis. SIG has no discretion to trade a client’s Self-Directed Assets. SIG will not intentionally hold custody of client assets.

Client accounts, both discretionary and non-discretionary, will be retained by an independent custodian.

### **Financial Planning and Consulting Services**

Financial planning is an evaluation of a client’s current and future financial situation by using currently known variables to evaluate future cash flows, asset values and withdrawal plans. Financial planning services are available to all clients, but a client is not required to utilize the service and may decline these services. Clients engaging us to prepare a financial plan only will be required to execute a Financial Planning Agreement that outlines the responsibilities of both the client and the Firm.

We cannot stress enough the importance that a client accurately and completely communicate to their adviser the information needed to complete a financial plan. Our goal is to provide clients with the most personalized and complete financial plan as possible, as we intend for clients to use it as a blueprint of how best to reach their goals. To ensure that a client's plan remains accurate and up-to-date, it is very important that a client continually update their adviser with any changes to their financial situation, goals or time horizon.

Clients may engage SIG for on a consulting basis for the provision of any particular investment service or a variety of services as agreed upon between the SIG and the client. The services to be provided will be outlined in an agreement between SIG and the client.

### **IRA Rollover Considerations**

As part of SIG's advisory services, an Adviser may provide a client with recommendations and advice concerning the client's employer retirement plan or other qualified retirement account. SIG may recommend that the client withdraw the assets from their employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") that the Firm will manage. If the client elects to roll the assets to an IRA under our management, we will charge the client an asset-based fee as described in Item 5. This practice presents a conflict of interest because our Investment Adviser Representatives have an incentive to recommend a rollover to the client for the purpose of generating fee-based compensation rather than solely based on the client's needs. A client is under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if a client does complete the rollover, they are under no obligation to have their IRA assets managed by us.

### **Selection of Third-Party Money Managers**

SIG may recommend, based on individual circumstances, that a client invest a portion of their assets by and among certain independent third-party money managers, including private funds, ("Independent Manager(s)"), the terms and conditions to be set forth in separate written agreement between the client and the Independent Manager. Assets managed by an Independent Manager are invested according to or managed by advisers who specialize in a particular type of security or strategy. The management of the assets in a client's accounts by some Independent Managers is not specific to the client's needs when traded, but is determined by the strategy selected. Other Independent Managers will select assets specific to the clients' individual needs. When an Independent Manager is recommended by SIG, the Firm is responsible for due diligence of and ongoing monitoring of the Independent Manager. Item 6 further describes our Methods of Analysis, Investment Strategies and Risks of Loss related to these investments

### **Assets Under Management**

As of December 31, 2019, SIG had \$ 469,176,000 of Discretionary assets under management, in 577 accounts and had \$ 502,108,000 of Non-Discretionary assets under management in 377 accounts.

### **Fees and Billing Process**

The fees assessed for investment advisory services and for participation in the SIG Wrap Fee Program (the "Advisory Fee") are charged by SIG based on a tiered fee schedule where the client's assets under management determine the Advisory Fee to be applied. All Advisory Fees are paid quarterly in advance of each calendar quarter. The maximum SIG fee is 1.75% per annum on the assets under management per client household. The minimum fee is \$ 500 per year per household. However, SIG charges Advisory Fees based on two different calculation methods. The fee schedule and method of calculation to be used will be stated in the written Investment Advisory Agreement between SIG and the client.

“Linear” Advisory Fees will be charged one rate which will be the fee rate associated with the client’s total assets under management.

“Blended” Advisory Fees will be charged at the rate defined for each tier, and then the total dollar amount of the fee calculated for each tier will be added together to equal the total fee due to SIG.

All advisory fees and household minimums are subject to negotiation. SIG may offer discounted rates to its employees and their families as well as to institutional and ultra, high-net-worth clients with substantial account balances. Fees are not based on a share of capital gains in the client’s accounts. SIG retains the right to amend the Advisory Fees charged with thirty (30) days written notice to individual clients.

Both the description of services offered and the specific manner in which fees are charged by SIG are established in the client’s written “Investment Advisory Agreement”. SIG will, under most circumstances, bill its annual investment management fees on a quarterly basis, in advance based on the total value of the client’s account on the last trading day of the previous calendar quarter. If the Investment Advisory Agreement is executed at any time other than the first day of a calendar quarter, SIG Advisory Fees will be applied on a pro rata basis, which means that the Advisory Fee is payable in proportion to the number of days in the calendar quarter for which one is a client. SIG currently excludes cash and cash equivalent balances (including cash like mutual funds) from the assets under management balance used to calculate the client’s Advisory Fee due.

Advisory Fees are typically deducted from the client’s custodial account. In rare circumstances, and as agreed by SIG, the client can elect to pay Advisory Fees directly to SIG via check or other means. Existing clients will be billed for new assets added to new accounts added during a calendar quarter, but are not billed for additions of assets to existing accounts within a calendar quarter, after the initial fees have been deducted from the client’s account for that quarter. No adjustments will be made to fees paid for partial withdrawals or for appreciation or depreciation in a client account within a billing period.

Either the Firm or its clients may terminate advisory agreements for any reason with written notice. Upon receipt of written notice of termination (or communication by the Brokerage firm or custodian), SIG will cease all advisory work on the client’s account as of that date. If no immediate or specific termination date is requested by the client in any initial communication, then SIG will seek to agree a specific termination date with the client and will continue to manage the assets until such agreement with the client is reached or the assets are transferred. Any quarterly or other fees paid in advance, will be reimbursed back to the client on a pro-rata basis, calculated from the termination date to the end of the current calendar quarter.

At SIG’s discretion, they may combine the account values of family members to determine the applicable Advisory Fee. Combining account values will increase the calculated asset total, which may result in the client paying a reduced Advisory Fee based on the available breakpoints in their fee schedule.

### **Investment Management/Financial Planning Consulting Service Fee**

SIG may provide investment management, financial planning or other consulting services for individuals, families and estates or companies, based upon a one-time flat fee or for an ongoing yearly flat fee. If a one-time flat fee is negotiated, the fee will be payable in full in advance for engagements lasting not more than six months. If a yearly flat fee is charged, it will be paid quarterly in advance in four installments. Payment terms will be outlined in the agreement between SIG and the client. Similar to above, the fixed fee charged by SIG will also include the fees for brokerage execution services, if the account is part of the Wrap Fee Program but WILL NOT include other charges imposed by the custodian or unaffiliated third-parties, including Independent Manager fees, which will be passed through to the client.

Investors participating in the Wrap Fee Program may pay more or less in fees than if they purchased advisory and brokerage services separately, based upon the trading activity in a client’s account (higher trading

volumes in a client account may yield a lower total fee to the client, lower trading volumes may yield a higher fee to the client.)

### **Important Note About Additional Fees**

Advisory fees charged to the clients of the SIG Wrap Fee Program include the fees for both the advisory services and the fees for execution of the brokerage transactions in the client's accounts on a "wrap fee" basis. The client will not incur any separate commissions or transactions fees, but may incur certain other charges imposed by unaffiliated third parties, including but not limited to, markups or markdowns, custodial, administrative and trustee fees (including wire transfer and electronic fund fees or other account fees or transaction or transfer taxes), charges imposed directly by a mutual fund, index fund or other exchange traded fund purchased for a client's account, which will be disclosed in the applicable fund's prospectus (e.g., fund management fees and other fund expenses), odd-lot differentials, transfer fees and taxes, and interest charges on any margin borrowings or debit balances.

### **Fees Associated with Third Party Money Managers**

Each Independent Manager engaged by SIG for a client's account will assess its own fee schedule or management charges, which will be disclosed in advance in writing via agreements, fund offering documents and/or other subscription documents signed by the client. Independent Managers (especially private equity or hedge funds) may also charge additional performance-based fees, which will also be included in any client agreements. The Independent Manager charges their fees separate from SIG's Advisory Fee described above. See more about private fund and alternative investment risks below in Item 6, Methods of Analysis, Investment Strategies and Risk of Loss.

### **Performance Based Fees**

SIG does not charge performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client. SIG advisory fee compensation is charged only as disclosed above in Item 4. Certain Independent Manager investments may incur performance-based fees and would be disclosed in any investment documentation that the client would be required to sign.

### **Solicitation Arrangements**

SIG does not currently participate in any solicitation arrangements and does not receive any compensation for client referrals.

## **Item 5 – Account Requirements and Types of Clients**

As described in Item 4, SIG offers investment advisory services described in this brochure to individuals, trusts, estates, non-profit organizations and corporations or other business entities. All advisory fees and household minimum fees are subject to negotiation and may be changed at the Firm's discretion, with thirty (30) days written notice to clients. There is currently no minimum investment threshold to invest in the SIG Wrap Program.

## **Item 6 – Portfolio Manager Selection and Evaluation – Investment Strategies**

SIG will act as the Investment Manager for your account(s). Our team of Registered Investment Advisers are described in greater detail in the Supplemental Brochures provided to you.

### **Methods of Analysis & Investment Strategies**

SIG begins the investment process by defining a client's current situation and long-term investment goals. Some of the considerations in determining the client's unique plan are:

- Goals and objectives
- Current and anticipated income needs
- Tax status
- Cost basis of current holdings
- Special needs
- Risk tolerance
- Investment time horizon
- Financial/estate plan

Once the client's individual situation and goals are determined, SIG will use this information to arrive at an appropriate risk target for their investments. SIG then designs a portfolio asset allocation that will best meet the client's needs and objectives and keep them within their risk tolerance. A client's specific investment objectives will be defined and articulated in a range from conservative capital preservation to aggressive growth. It is also possible that an individual client may have varying investment objectives for different accounts. This will also be defined and documented in reviewing investment objectives with our clients.

SIG's primary investment execution is through individual equity and fixed income securities, mutual funds ETFs and alternative investments, which are combined into a customized, proprietary asset allocation for each client. SIG may also incorporate third-party manager's investments within the client asset allocation.

Any mutual fund or other third-party managers included in a client portfolio is selected based on a quantitative and qualitative research process. This process reviews the risk and performance characteristics of a manager's process, resources, depth and experience of the management team, along with key qualitative elements of the manager. Elements of this review include:

- Performance relative to benchmarks
- Performance relative to peers
- Volatility characteristics
- Correlation statistics
- Risk-adjusted returns
- Total returns after expenses
- Depth of investment team
- Evaluation of investment process
- Analysis of infrastructure
- Managers' Investment Policies and any potential drift from those policies
- Financial strength of the management and/or parent company

A select group of managers are approved for use in client accounts and performance is monitored on an ongoing basis to ensure that they are meeting long-term expectations. Client portfolios will be customized



to meet the needs of the individual clients. In unique and limited situations, SIG may use options to hedge market risk or generate income for clients who qualify to use these strategies and have approved their use.

## **Risk of Loss**

All investments in securities involve a risk of loss of principal (invested amount) and any profits that have not been realized (the securities that were not sold to “lock in” the profit), that clients should be prepared to bear. Stock and bond markets fluctuate substantially over time and can also experience high levels of volatility in short time periods, due to tangible and intangible events. The risk for each particular client will vary in accordance with the client’s goals and objectives, guidelines, restrictions and risk tolerance. In addition, all of our clients will encounter general market risks, including but not limited to:

- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds with lower rates will be less attractive, lowering the market value of the bond. Changes in interest rates may affect the equity markets.
- **Market Risk:** The price of a security or investment instrument may drop in reaction to outside events. This type of risk is caused by external factors independent of a security’s or company’s particular circumstance.
- **Inflation Risk:** The eroding of purchasing power of a dollar. When inflation exists, a dollar today will not buy as much as a dollar in the future.
- **Currency (Exchange Rate) Risk:** Foreign investments are subject to the fluctuations in the value of the dollar against the currency of the investment’s home country.
- **Business Risk:** Risks associated with a particular industry or company within an industry. For example, some industries experience wider fluctuations in demand and therefore price for their products, and can have a higher risk of losses compared to companies with a more predictable demand for their product. An individual company may have certain internal issues which cause its stock to fluctuate beyond other businesses in the same industry.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, the more people interested in a security, the more liquid it will be. Investments that are more standardized (i.e., Treasury Bills) may be more liquid than more structured products. Securities of small capitalized companies may be less liquid than large capitalized companies.
- **Economic Risk:** The likelihood that conditions in the overall economy may affect an investment or a company’s prospect.
- **Political Risk:** The risk an investment’s returns could suffer as a result of political changes or instability in a country.

Investment recommendations will not always be profitable and could lose money over long and/or short periods of time. There are no assurances that our investment strategies will succeed, and we cannot give any guarantee that it will achieve the investment objectives established by a client or that any client will receive a return on its investment. Due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not described above.

Investments made in mutual funds, closed-end funds, ETFs and individual equities will be subject to market, currency, economic, political and business risks.

Investments in small (including so called “micro-cap” securities) and mid-capitalization stocks (or mutual fund or ETF products that include those stocks) are often more volatile and less liquid than investments in larger companies due to the potential lower frequency and volume of trading.

Penny stocks can be any stock that trades at less than \$5.00 a share, that is not listed on a national securities exchange or does not meet other trading venue, liquidity, asset, market capitalization, revenue or reporting requirements. Their shares may be highly illiquid, speculative and subject to more volatile price swings.

Penny stocks are NOT suitable for all investors. Penny stocks are more suitable for investors with a high tolerance for risk.

Securities of small, mid-cap and penny stock companies may be more difficult to sell quickly. In addition, these companies may lack the management experience, financial resources and product diversification of larger companies, making them more susceptible to market pressures and business failure, which may result in a loss of principal amounts invested.

Fixed income securities are subject to various risks, including principal fluctuation, interest rate risk, inflation risk and default risk.

Options trading may involve the use of margin (borrowing) and can involve a high degree of risk, leading to the possibility of losing the entire principal (premium) amount invested, sometimes more. Options on securities may also be subject to greater fluctuations in value than an investment in the underlying security.

American Depositary Receipts ("ADR's") are typically issued by a US bank or trust company and represent ownership of shares in underlying foreign securities. ADR's, as well as the direct investment in foreign securities, will be subject to all the same risks as any US investment but will also be subject to currency risks. If the value of the company's home currency increases or falls relative to the US dollar, the ADR or foreign share value will also be impacted.

Alternative investments, including real estate investments, hedge funds and private equity investments, involve a high degree of risk and can be illiquid due to restrictions on redemptions or transfers within a secondary market. They are generally offered through private placement which are available only to those investors that meet certain requirements. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings and may charge investors significant performance fees, as well as ongoing management fees and other expenses. Complex tax structures often result in delayed tax reporting. Cash flows from an investment may not match the timing of required investor tax payments for any gains or income related to the investment. Trading may occur outside the United States which may pose greater risks than trading on U.S. exchanges and in U.S. markets. Historical results may not be indicative of future returns.

The price of all investments can and will fluctuate, and any individual security may lose all its value.

### **Voting Client Securities**

SIG does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Proxies are mailed to each client directly by the respective custodian.

From time to time, securities held in the accounts of clients may be the subject of class action lawsuits. SIG offers no legal services, and therefore has no ability or obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Where SIG receives written or electronic notice of a class action lawsuit, settlement or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms and other materials to the client. Electronic mail is acceptable where appropriate when the client has authorized contact in this manner.

## **Item 7 – Client Information Provided to Portfolio Managers**

In order to provide the Wrap Fee Program services, SIG will share client private information with the account custodian (TD Ameritrade or other Custodian). SIG may also provide client information to mutual fund

companies and/or other third-party managers as needed. SIG will only share the information necessary in order to carry out its obligations in servicing the client account. Any personal account data is shared in accordance with the SIG Privacy Policy.

### **Privacy Policy**

SIG views protecting client private information as a top priority. Pursuant to applicable privacy requirements, SIG has instituted policies and procedures to ensure that your personal information is kept private and secure.

SIG does not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing client accounts, SIG may share some information with service providers, such as transfer agents, custodians, broker-dealers, third-party technology providers, accountants, consultants, and attorneys.

SIG restricts internal access to nonpublic personal information about you to only employees who need that information in order to provide products or services to you. SIG maintains physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. SIG will not sell information about any client or their accounts to anyone. SIG does not share client information unless it is required to process a transaction, at your request, or required by law.

Clients will receive a copy of the SIG privacy notice prior to or at the time they sign an advisory agreement with the firm. Thereafter, SIG will deliver a copy of the current privacy policy notice on an annual basis, or as required. Contact SIG's main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy and ask to speak to the Chief Compliance Officer.

## **Item 8 – Client Contact with Portfolio Managers**

Without restriction, clients should contact SIG or their advisory representative directly with any questions regarding their Wrap Fee Program account. Clients should also contact their advisory representative with respect to changes in investment objectives, risk tolerance, or to request restrictions placed on the management of client assets.

## **Item 9 – Additional Information**

### **Disciplinary Information**

SIG does not have any legal, financial or other “disciplinary” item to report. SIG is obligated to disclose any disciplinary event that would be material to a client when evaluating them to initiate a Client/Adviser relationship, or to continue a Client/Adviser relationship. This statement applies to every employee at SIG, as well as the firm.

### **Other Financial Industry Activities and Affiliates**

SIG may receive incentives from third-party investment managers, whose products are used for SIG client investments. Incentives may include entry to investment conferences, or other educational events, as well as reimbursement of reasonable travel and lodging costs to attend a conference. This may raise a potential conflict of interest and incentive for SIG to invest in these products for clients. SIG believes that the attendance at educational, conference or other events hosted by investment providers is not a conflict as attendance allows for more in-depth due diligence on portfolio managers and the products they provide, and to better understand investment choices available for clients. All investment decisions made for clients take

into account the individual needs of each client and follow the guidelines of our Code of Ethics Policy. Conferences and events attended by employees are monitored.

SIG does not have any undisclosed relationship or arrangement that is material to their advisory business or to clients. Please refer to the SIG Investment Adviser Brochure Supplements to see details of each individual advisors.

## **Brokerage Practices**

SIG recommends the brokerage and custodial services of TD Ameritrade Institutional and participates in the TD Ameritrade Institutional customer program (the "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. SIG receives some benefits from TD Ameritrade through its participation in the Program.

There is no direct link between SIG's participation in the Program and the investment advice given to clients, although SIG may receive certain benefits through their 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):

- Access to client account data, duplicate statements and confirmations and other technology to support client servicing
- Trade execution technology and support, including block trading
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Research-related products and tools, research, market pricing and other market data services
- Facilitation of adviser fees collected directly from client accounts
- Assistance with back office functions, recordkeeping, client reporting, etc.
- Consulting services
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to SIG by third-party vendors.

Certain business consulting and professional services received by SIG have been paid for by TD Ameritrade in the past and they may do so again in the future. Some of the products and services made available by TD Ameritrade through the Program may benefit SIG but may not benefit its client accounts. These products or services may assist SIG in managing and administering client accounts (including accounts not maintained at TD Ameritrade) and may also help SIG manage and develop its business enterprise. The benefits that SIG or its personnel receives through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, SIG endeavors at all times to put the interests of its clients first.

SIG also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the Program. Specifically, the Additional Services include access to service providers such as Morningstar, Money Guide Pro, Riskalyze, Orion, Cheree Berry (Website), Stansberry Research. TD Ameritrade provides the Additional Services to SIG in its sole discretion and at its own expense, and SIG does not pay any fees to TD Ameritrade for the Additional Services. SIG and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

SIG's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to SIG, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, SIG's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with SIG, in its sole discretion, provided certain conditions are

met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, SIG may have an incentive to recommend to its clients that the assets under management by SIG be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. SIG's 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. Clients should be aware, however, that the receipt of the above described benefits from TD Ameritrade in and of itself creates a potential conflict of interest and may indirectly influence SIG's choice of TD Ameritrade for custody and brokerage services.

SIG believes that TD Ameritrade provides quality execution services at competitive prices. Price is not the sole factor we consider in evaluating best execution. Considerations also include the quality of the brokerage services provided by TD Ameritrade, including the financial health of the institution, the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm.

For the purposes of disclosure, SIG maintains a secured Letter of Credit with TD Bank, in support of its office lease agreement. TD Bank and TD Ameritrade, Inc. are separate entities, affiliated through TD Bank Group. We believe that this is not a conflict of interest as there is no contractual arrangement between the two entities. The TD Bank business does not impact the advisory business of TD Ameritrade, Inc and the Additional Services Program that SIG participates in, described above.

### **Client Directed Brokerage**

If the client directs that trades be executed through another broker-dealer, the client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by that broker-dealer. SIG will assume no responsibility for obtaining the "best execution" of a client trade. In some instances, clients may require that assets are held in custody at another qualified custodian but traded via TD Ameritrade, in which case applicable terms and conditions and best execution will apply. Not all Advisers will require transaction executions to be directed in this manner.

### **Trading and Trade Aggregation**

Even within the same investment strategy, client accounts are managed independently to meet individual client needs and restrictions. At times, a portfolio manager may place similar trades in numerous accounts within a single day that are not aggregated. Portfolio managers may also place trades in one or more accounts that are directly opposite of trades placed for other accounts. This may occur, for example, when different portfolio managers are rebalancing the same security, or when one account needs to raise cash while a new account is funding.

SIG may (but is not obligated to) combine or "batch" such orders in an effort to obtain best execution or to allocate equitably among its client's differences in prices that might have been obtained had such orders been placed independently. Under this procedure, the transaction price will be allocated among SIG's clients in proportion to the purchase and sale orders placed for each client account included in the order that day. If an aggregated order is not completely filled, SIG will allocate the total securities that executed pro rata among the accounts participating in the order that day.

### **Code of Ethics**

In accordance with the Advisers Act, Rule 204A-1, SIG has adopted a Code of Ethics. This Code of Ethics outlines all who are deemed to be access persons and mandates their compliance with applicable regulations and federal laws. Additionally, these employees must engage in high ethical standards at all times and place the client's interest above their own. The Code of Ethics includes, but is not limited to, provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items,

and personal securities trading procedures. All supervised persons at SIG must acknowledge the terms of the Code of Ethics annually, or as amended.

A copy of this Code of Ethics will be provided to any client or prospective client upon request. If SIG or its representatives offer any investment with which they have a conflict of interest, it must be disclosed in advance.

In certain instances, SIG employees trading in their own accounts or for related persons may create either actual or perceived conflicts of interest. As such, SIG has established the following restrictions:

- A director, officer or IAR shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her affiliation with SIG or the custodian, unless the information is also generally available to the investing public on reasonable inquiry. No person shall prefer his or her own interest to that of the advisory clients.
- SIG and its employees generally may not participate in private placements without pre-clearance from the Firm's Chief Compliance Officer.
- SIG respects the right of clients to specify investment objectives, guidelines, and conditions or restrictions on the overall management of their accounts.

Any individual not in observance of the above may be subject to termination.

### **No Proprietary Investments**

At present, SIG does not offer any investments in which its representatives or any related person, have a partnership or act as a general partner. Furthermore, SIG does not offer any investments in which its representatives or any person related act as an investment advisor for the investment company.

### **Personal Trading – Participation in Client Transactions**

Subject to satisfying the Code of Ethics policy and applicable laws, officers, directors and employees of SIG may trade for their own accounts in securities or private funds/alternative investments, which are recommended to, and/or purchased for our clients at or around the same time we place trades for clients. There is a possibility that employees might benefit from market activity traded for a client in a security that is also held by an employee.

There may be differences in transactions made in employee accounts versus transactions made for clients due to variations in personal goals, investment horizons, risk tolerance and liquidity needs. A SIG employee may be buying around the time a client is selling, or vice versa, for any number of personal reasons such as managing concentrations or a need to raise capital, having nothing to do with the Firm's fundamental thesis on the investment. Employees may also invest in a security before it is necessarily appropriate for the Firm to recommend it to clients.

All access persons are required to report all personal securities transactions in order to prevent "Front-Running" and to always place the clients' interests first. SIG seeks to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the client's favor. Records will be maintained for all securities or products bought or sold by SIG and SIG access persons. The Chief Compliance Officer or qualified representative of SIG, reviews these records on a quarterly basis.

As described more in Item 12 below, Trade Aggregation, SIG may trade or rebalance a security(s) across all accounts, which may include employee accounts also invested in those securities. Prices obtained for aggregated trades would be allocated to each account on an average price basis, according to our trading policies. Employee trading is continually monitored to reasonably prevent conflicts of interest between SIG and its clients.

## **Review of Accounts**

Client accounts and portfolios will be reviewed by SIG on a regular basis. Clients will be provided with written reports containing relevant account information at least annually, and accounts will be rebalanced as required. Reviews are conducted by Investment Advisor Representatives (IARs) of the Firm. SIG may also provide clients with household summaries, statistical performance reports or other summary data of their managed accounts when deemed necessary or at the request of the client. SIG relies on outside service providers to calculate this information and it is not independently verified. The information used in these reports is gathered from data provided by the custodian, but clients should always rely on their official custodian statement as the official record of their account. Account or household information reports are not meant to impart legal, tax or accounting advice.

Samples of accounts will periodically be reviewed by the Chief Compliance Officer and/or designee for suitability. Review of the accounts will be evidenced and will be maintained by the Chief Compliance Officer.

Clients will receive monthly or at least quarterly statements from the custodian detailing all transactions made on their behalf. If the client's account has no activity, the custodian will provide a quarterly statement. This statement will include all deposits, withdrawals, as well as entries showing the associated management fees and expenses charged/debited from the client's accounts. These reports will show the current market values and transactions during the past month or quarter as well as interest, dividends and capital gains for the reporting period.

## **Client Referrals and Other Compensation**

SIG does not currently accept any compensation for client referrals or any other compensation other than advisory and other fees from our clients per the contracted arrangements.

At any time in the future SIG may enter into a referral arrangement and elect to compensate certain third-parties for such referrals. Clients whose accounts are the subject of such referral fees will receive full disclosure of the terms of the referral arrangement. In no case will any referral payment reduce the value of the investment or reduce the assets in the client account or violate the terms of SIG's Code of Ethics.

## **Custody**

Client accounts are held at the qualified custodian with which the client signed their brokerage account agreement. Where TD Ameritrade is used as the custodian or executing broker, the relationship between TD Ameritrade and SIG is more fully described above. The custodian will debit the client's account for fees as defined in the investment advisory and custodial agreement signed by the client. In special circumstances, SIG may agree to manually bill the client for ongoing investment advisory fees, rather than deducting the fee from the client account.

The client will receive account statements directly from their custodian at least quarterly, but most likely monthly. The statement will be sent to the email or postal mailing address provided by the client to the custodian. SIG urges clients to carefully review such statements and compare official custodial records to the account statements or reports received from SIG. SIG statements or reports may vary from custodial statements based on accounting procedures, calculation methods, reporting dates, or valuation methodologies of certain securities.

While the client's custodian is considered the qualified custodian of client assets, SIG may be deemed to have "custody" for limited situations such as those listed below:

- With client authorization, the Firm deducts fees directly from their account.
- The Firm accepts standing instructions for delivery of funds from client accounts to a third-party's account at another financial institution designated by the client on the custodian "move money" or other similar standing letter of instruction ("SLOA") form signed by the client. SIG will only initiate a transfer of funds to the designated receiving party as directed by the client and will not permit standing instructions that would transmit funds to an account related to SIG or its employees. If such an arrangement is structured so that SIG does not have discretion as to the amount, payee or timing of transfers under a SLOA and SIG and the custodian meet other certain conditions, the SEC staff has indicated that they would not recommend enforcement action against an advisor and an annual surprise exam would not be necessary.
- The Firm reserves the right to serve as Trustee or Executor for its clients as needed and deemed not to be a conflict of interest for the Firm and its client.

### **Investment Discretion**

SIG manages money on a discretionary and non-discretionary basis. In most circumstances, clients grant SIG complete discretion. Clients who open discretionary accounts are required to execute an Investment Advisory Agreement which, among other things, grants SIG's advisor representatives authority to manage client assets on a discretionary basis, meaning SIG has the authority to select the identity and amount of securities to be bought or sold in the clients' account without obtaining specific client consent. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objective for the particular client account. For non-discretionary accounts, SIG will contact the client prior to executing any transaction.

If SIG makes an overall change to a portfolio holding across its client base, SIG will block a trade for all discretionary client accounts that will participate in the trade and execute that first, prior to executing non-discretionary client trades that require client approval. SIG will rotate or randomize the order in which it contacts non-discretionary clients when making an overall portfolio change so that no client is disfavored over another client.