



**A Tradition of Advocacy and Sound Judgment.**

## **Form ADV Part 2A Brochure**

**September 16, 2020**

**Sapient Private Wealth Management Services, LLC**  
**101 East Broadway, Suite 480**  
**Eugene, Oregon 97401**

**Phone: 541-762-0300**

**Fax: 541-342-8082**

**This brochure provides information about the qualifications and business practices of Sapient Private Wealth Management, LLC ("SPWM"). If you have any questions about the contents of this brochure, please contact Dina Ahten at 541-762-0300 or [dina@sapientpwm.com](mailto:dina@sapientpwm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about SPWM also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

*SPWM is a registered investment adviser. Use of the term "registered investment adviser" and the description of SPWM and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.*

**Item 2  
Material  
Changes**

Sapient Private Wealth Management Services, LLC (“SPWM”) updates this Form ADV Brochure on an annual basis, and when there are certain material changes. This Item 2 identifies and discusses only specific material changes made to the Brochure since the last Annual Updating Amendment, which was dated March 23, 2020.

The following material changes are included in this Brochure:

SPWM amended Item 10. Other Financial Industry Activities and Affiliations to disclose participation in Focus Client Solutions (FCS), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC.

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**Item 4**  
**Advisory**  
**Business**

Sapient has been providing advisory services since its formation in 2010 as Sapient Private Wealth Management, LLC and since 2011 as Sapient Private Wealth Management Services, LLC (“SPWM”). SPWM is managed by Greg Erwin and Dennis Konrady (“SPWM Principals”), pursuant to a management agreement between SPW Management, LLC and SPWM. The SPWM Principals serve as officers of SPWM and are responsible for the management, supervision and oversight of SPWM.

**FOCUS FINANCIAL PARTNERS, LLC**

SPWM is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, SPWM is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2019, investment vehicles affiliated with Stone Point Capital, LLC (“Stone Point”) had a greater than 25% voting interest in Focus Inc., and Stone Point had the right to designate two of seven directors on the Focus Inc. Board. As of the end of 2019, investment vehicles affiliated with Kohlberg Kravis Roberts & Co. L.P. (“KKR”) had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of seven directors on the Focus Inc. Board.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

As of December 31, 2019, SPWM had \$986,719,746 in discretionary regulatory assets under management, as well as an additional \$56,032,570 in non-discretionary regulatory assets under management.

SPWM offers several types of services to our clients, including:

- Investment Management,
- Comprehensive Wealth Management,
- Personalized Cash Flow Management, and
- Section 3(38) Investment Manager Services

**Investment Management**

SPWM generally provides investment management services on a discretionary basis, although SPWM makes an effort to accommodate reasonable client requests for certain investment restrictions.

SPWM begins by taking sufficient time and effort to understand its clients' current lifestyle needs, risk tolerance and future aspirations. Next a clear statement of objectives is prepared to reflect liquidity and cash flow needs, tolerance for volatility and risk and the target return necessary to meet long-term goals. Ultimately a customized asset allocation map is created to provide guidelines for maintaining proper portfolio balance.

We generally create a portfolio consisting of separately managed accounts ("SMAs") managed by independent third-party investment managers and/or investment management programs (collectively, "Independent Managers"), as well as mutual funds and exchange traded funds ("ETFs"). We may utilize such Independent Managers by designing an investment portfolio and providing ongoing corresponding investment management or wealth management services on a fee-only basis for a percentage of assets managed by a third party. Investment tools and managers then selected by SPWM are done so after rigorous due diligence.

SPWM provides advice regarding the selection of sub-managers, mutual funds and ETFs and not generally regarding individual public securities. However, on occasion, SPWM provides advice to clients regarding specific public securities to assist the clients in their investment decision. Where applicable to a client's individual investment strategy and specific needs, SPWM may include individual stocks or bonds, options, certificates of deposit, and other public and private securities or investments in the client's portfolio, either in addition to or in lieu of the use of Independent Managers. Regular review at least quarterly and rebalancing as necessary complete the comprehensive process.

SPWM uses client-authorized third party service providers to perform certain services, as applicable, for a client's account. We utilize Envestnet for trading and research and Orion Advisors ("Orion") for performance reporting and billing. Clients may directly access their accounts through the Orion portal.

**Comprehensive Wealth Management**

Along with customized investment planning and implementation, we offer comprehensive wealth management services to produce a fully integrated approach to preserving, enhancing and transferring wealth. SPWM's wealth management services are tailored to the individual client and include liquidity and cash flow

management, risk management, tax management, philanthropic planning, estate planning, and education planning.

Service	What We Provide
<i>Liquidity and Cash Flow Management</i>  Goal:  Meeting income and emergency cash needs	<ul style="list-style-type: none"> <li>• We work closely with clients to develop budgetary guidelines designed to provide proper levels of cash and liquid investments are maintained</li> <li>• We regularly review and rebalance client portfolios to meet current income needs, and to provide liquidity for emergencies and opportunities</li> </ul>
<i>Risk Management</i>  Goal:  Mitigating investment risk by striving for lower fund volatility	<ul style="list-style-type: none"> <li>• A strong emphasis on establishing relevant risk controls for each client</li> <li>• By diversifying investments among a range of asset classes, we aim to reduce portfolio volatility and improve overall performance</li> <li>• Careful consideration to reduce exposure to interest rate, credit, business, and inflation risks, among others</li> </ul>
<i>Tax Management</i>  Goal:  The search for tax efficient strategies	<ul style="list-style-type: none"> <li>• Our advisors review portfolios for opportunities to minimize tax exposure</li> <li>• Collaborate with clients' tax advisors to coordinate and implement tax efficient strategies</li> </ul>
<i>Philanthropic Planning</i>  Goal:  Striving to maximize tax benefits of charitable giving	<ul style="list-style-type: none"> <li>• Helping clients find solutions for charitable gifting to support their favorite organizations</li> <li>• Collaborate with clients' tax and legal advisors on strategies to maximize the tax benefits of charitable giving</li> </ul>

<i>Estate Planning</i>  Goal:  It's your legacy. Make it count.	<ul style="list-style-type: none"> <li>• Legacy counseling to discuss wealth transfer challenges and to provide for the smooth, tax-efficient transfer of wealth</li> <li>• Close coordination with estate and tax planning professionals</li> <li>• Succession strategies for the continuity of a family business</li> </ul>
<i>Education Planning</i>  Goal:  Preparing for the education of the next generation amid rising tuition costs.	<ul style="list-style-type: none"> <li>• To prepare for the finest education for heirs, we assist with assessing the costs</li> <li>• We help plan investments designed to meet both growth and liquidity needs to cover educational expenses for the next generation</li> </ul>

### Cash Flow Management Services

We provide access to personalized cash management services and on-line services to help with the financial decisions and daily banking activities in your busy life. Additionally, our concierge service provides you with knowledgeable advice regarding the loan procurement process, including assistance with locating favorable interest rates, obtaining necessary forms, and other financial-related assistance.

As a component of our cash flow management solutions, we offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Client Solutions ("FCS"). Please see Item 10 for a fuller discussion of these services and other important information.

### Section 3(38) Investment Manager Services

SPWM provides investment management services on a discretionary basis to pooled and participant-directed 401(k) plans. In this capacity, SPWM is a fiduciary and a Section 3(38) Investment Manager under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. SPWM is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to

ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, “Retirement Account Clients”). As such, SPWM is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

Fiduciary advisory services for 401(k) plans include:

1. Discretionary authority to select, monitor, remove, and replace the investment alternatives available to Plan trustees and participants under the terms of the Plan.
2. In collaboration with Plan trustees, SPWM will develop and amend a formal written Investment Policy Statement (IPS), which establishes the specific standards and processes for investment operations of the Plan.

SPWM does not provide fiduciary investment advisory services to participants at a participant level, only at the Plan level. However, SPWM provides investment education to participants so that participants may choose an allocation strategy or construct a portfolio from the available mutual funds or models that meets their needs, objectives, time horizon, and risk tolerance.

### **Use of Independent Managers**

As applicable, our clients authorize us to enter into agreements with Independent Managers for services in connection with the management of the clients’ accounts on the terms and manner that our firm deems appropriate, which includes separate fees in addition to our management fee. In certain situations, a client may be required to engage the Independent Managers in a separate written agreement between the client and the designated Independent Managers, which include separate fees in addition to our management fee. Clients agree to execute in a timely manner any such separate written agreements with the Independent Managers that we may deliver to a client.

Our firm is authorized to add, terminate, or change Independent Managers when, in our sole discretion, we believe such action is in the best interest of clients and their objectives. We will continue to render services to clients relative to the supervision of the Independent Managers on our approved list, performing ongoing monitoring and review of account performance, asset allocation, and investment objectives, for which services SPWM shall receive a fee. Clients who opt to continue the use of an



Independent Manager following SPWM's removal of such Manager from our approved list should understand that in such situations the client is responsible for the decision to remain with the manager and responsible for the manager's performance. However, when clients remain with an Independent Manager not on our approved list, SPWM will conduct limited monitoring of the securities holdings relating to such Independent Manager and will continue to charge fees based upon assets within those client portfolios.

A client may come to SPWM with legacy assets which are not part of the Firm's strategy and consequently are not on our approved securities list. SPWM will work with such clients to plan to sell such legacy positions as feasible in order to align the client's investment portfolio over time with SPWM's model portfolios. There may be tax, client preference, or other considerations impacting the timing of such disposition of legacy positions. Clients should understand that since their legacy assets were not initially recommended by SPWM or are not on our approved list, our Firm has not necessarily performed, and does not perform, due diligence on these securities, managers, or positions. Legacy positions which are designated as non-managed assets excluded from the value of a client's account for billing purposes shall be so designated in a client's investment advisory agreement together with any amendments and addenda thereto.

## Item 5 Fees and Compensation

Our fee-only structure means that we are compensated through client fees for our services, as either a percentage of assets under management or in some cases as fixed fees. This method removes some of the conflicts that are inherent when compensation is tied to the recommendation of a certain product or service, because advisers in such arrangements have an incentive to recommend products and services that incur higher commissions. Clients do not pay SPWM these types of commissions.

Client assets under management, including any which are invested in money market funds or certificates of deposit, are subject to the following fee schedules. Fees are generally not negotiable except as provided below:

Assets under Management	Annual Advisory Fee
First \$1,000,000	1.00%
Second \$1,000,000	0.70%
Third \$1,000,000	0.65%
Fourth \$1,000,000	0.60%
Fifth \$1,000,000	0.55%
Over \$5,000,000	Negotiable

SPWM has brought in, and in the future may bring in, new advisors to join our team. When a new advisor joins SPWM and provides both investment management and portfolio management services to the new advisor's transitioning clients, and it is not feasible or practical to immediately migrate the advisor's transitioning clients to the SPWM standard fee schedule, SPWM will honor the fee schedule previously in place with the advisor's transitioning clients until SPWM has fully migrated clients to the SPWM standard fee schedule. Consequently, during this transition period, the new advisor's transitioning clients may pay more or less than the SPWM standard fee schedule listed above. This Portfolio Management service is offered solely to transition clients of each respective new advisor, and is not offered as an SPWM service to new clients. It is contemplated that each new advisor's transitioning clients will be migrated to SPWM services as is practical based on numerous factors including client tax implications, among others.

SPWM advisory fees are billed quarterly in advance, based on the average daily balance of the client's account for the previous quarter. For new accounts opened during a quarter, the initial quarter's fees will be billed, in arrears, based on the average daily balance for the period beginning when assets arrive at SPWM until the end of that quarter billing period. Fees will be deducted from the client's managed account. In rare cases, we may agree to directly invoice clients.

In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. To do so, you need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the brokerage firm that the trades are executed through. Some of these fees are billed in arrears based on the value of mutual funds held in your account on the last day of the previous quarter. Also, clients will pay the following separately incurred expenses, which are in addition to SPWM's advisory fees and which we do not receive any part of: Independent Manager fees, or charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

For client portfolios using Independent Managers, the Independent Manager fee is directly debited from the client's account and is paid to the Envestnet platform. This fee compensates the Independent Managers for their services rendered to the clients and also covers the Envestnet platform access fees. The Independent Manager fee is separate from SPWM's advisory fee, custodial/transaction fees, or

other separately incurred expenses (mutual fund, index fund, or exchange traded funds fees).

Client acknowledges and agrees that if there is not enough liquid cash in Client's accounts, we or any third party Independent Manager will instruct the relevant custodian to liquidate the necessary positions in such accounts to cover the amount of the fees under the Agreement.

**Item 6**  
**Performance-**  
**Based Fees and**  
**Side-by-Side**  
**Management**

We do not charge performance fees to our clients.

**Item 7**  
**Types of Clients**  
**and**  
**Account**  
**Requirements**

We provide services to many types of clients. Our clients primarily include:

- Individuals
- High Net Worth Individuals
- Trusts, Estates or Charitable Organizations
- ERISA Plans
- Corporations, limited liability companies and/or other business types

**Item 8**  
**Methods of**  
**Analysis,**  
**Investment**  
**Strategies,**  
**and Risk**  
**of Loss**

SPWM analyzes investment decisions using various methods of analysis, including charting, fundamental, technical, and cyclical.

Our investment strategies are discussed above in item 4. As part of our investment management service, we generally create a portfolio which includes separately managed accounts. Our third party managers discuss risks applicable to their investment strategies more fully in their respective disclosure brochures. In general, SPWM and our third party managers use the following investment strategies:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;
- Option writing, including covered options, uncovered options or spreading strategies; and/or
- Alternative investments

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, the stock market may also decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

We generally invest client's cash balances in money market funds, FDIC Insured certificates of deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account to facilitate debiting of advisory fees for our asset management services.

Investment in certificates of deposit bear certain risks, including inflation risk, liquidity risk, and interest rate risk.

Our cash allocation process involves, where possible, the preservation of sufficient cash for quarterly fees. This helps ensure that we avoid undesirable realized or unrealized losses or gains as a result of a sale of a security for fee liquidations. All cash positions are included in the assets under management on which our advisory fees are assessed.

#### *Cybersecurity Risk.*

The computer systems, networks and devices used by SPWM and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

*Market Disruption and Geopolitical Risk.*

Client accounts are subject to the risk that war, terrorism, related geopolitical events, and health epidemics or pandemics may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of clients' investments. War, terrorism, related geopolitical events, and health epidemics or pandemics have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and non-U.S. economies and markets generally. Those events as well as other changes in U.S. and non-U.S. economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of the Funds' investments. At such times, clients' exposure to risk can increase.

**Item 9**  
**Disciplinary**  
**Information**

Registered investment advisers are required to disclose to clients legal or disciplinary events or facts that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. We have determined that we have no events applicable to this Item.

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

**FOCUS FINANCIAL PARTNERS**

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Inc., and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Inc. Because SPWM is an indirect, wholly-owned subsidiary of Focus LLC and Focus Inc, the Stone Point and KKR investment vehicles are indirect owners of SPWM. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.

*Focus Client Solutions*

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Client Solutions (“FCS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. These third-party financial institutions are banks and non-banks (the “Network Institutions”) which offer cash management solutions to our clients. Certain other unaffiliated third-parties provide administrative and settlement services to facilitate FCS’s cash management solutions. FCS acts as an intermediary to facilitate our clients’ access to these cash management solutions.

FCS receives quarterly fees (the “Network Fees”) from the Network Institutions and certain administrative services providers (the “Administrative Services Providers” and, together with the Network Institutions, the “Network Providers”) in exchange for allowing them to participate in the FCS cash management programs and thereby to offer their services to our clients. The Network Fees are substantial and are expected to change over time. Such fees are revenue for FCS and ultimately for our common parent company, Focus Financial Partners, LLC, but we do not share in such revenue. Additionally, we have paid FCS an amount equal to our pro rata share of the Network Fees obtained by FCS, and FCS has in turn rebated that amount to the Network Institutions on a pro rata basis. The effect of this payment/rebate mechanism has been to eliminate the receipt of any incremental revenue by our affiliates as a result of our clients’ use of FCS’s services. Accordingly, we have addressed this potential conflict of interest by: (1) disclosing the above arrangements to our clients; (2) offering FCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services; (3) not sharing in any portion of FCS’s revenue in exchange for successfully offering these cash management products to our clients; and (4) eliminating our affiliates’ receipt of revenue attributable to our clients’ use of FCS’s services. Additionally, we note that clients who use FCS’s services will receive robust product-specific disclosure from the Network Providers that provide such services to our clients.

Even if we and FCS do not retain a portion of the Network Fees attributable to our clients’ use of FCS’s services (which mitigates the conflict that would otherwise have arisen from our receipt of incremental revenue), FCS indirectly benefits from our clients’ use of the services insofar as such use incentivizes the Network Providers to maintain their relationship with FCS and to continue paying Network Fees to FCS. It also may support increases in the overall amount of the Network Fee rates in the future.

*FCS Cash Management Solutions*

For FCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program, which are deducted from clients' cash balances in the program. Engaging FCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

Other than the FCS relationship described above, SPWM has no business relationship with other Focus Partners that is material to its advisory business or to its clients.

Additional information about Focus can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

**MARTIN CAPITAL PARTNERS**

We may engage Martin Capital Partners as an Independent Manager. Martin Capital Partners, LLC is a firm in which Cameron K. Martin has a direct ownership. Cameron K. Martin is the son of King Martin, an employee of SPWM, and as such, this may constitute a conflict of interest.

Some of SPWM's employees currently maintain active insurance consultant licenses or may reinstate such insurance consultant licenses in the future. SPWM employees engage in insurance consultant activities with respect to variable annuities applicable to certain clients' individual needs. However, SPWM receives no transaction-related compensation with respect to any insurance products or transactions effected. SPWM's sole compensation related thereto is its investment management (investment advisory) fees.

Mr. Konrady may engage in another business unrelated to Wealth Management and Investment Consulting. Mr. Konrady is a member of Weber Holdings, LLC. The

aforementioned activity accounts for about 1% of Mr. Konrady's time.

SPWM does not receive compensation from third party advisers, but may receive the occasional nominal gift during holidays. SPWM addresses the receipt of gifts and entertainment in its Code of Ethics.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not disadvantage or conflict with the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure for initial public offerings ("IPOs") and private placements) with respect to transactions effected by our members, officers and employees for their personal accounts. Personal accounts also include accounts (1) in the name of a spouse, (2) for minor children or other dependents residing in the same household, (3) for which our associate is a trustee or executor, or (4) which our associate controls or in which the associate has a direct or indirect beneficial interest. In order to monitor compliance with our personal trading policy, we review quarterly securities transaction reports for all of our associates, in compliance with SEC rules.

When employees invest in securities also recommended to clients, the firm's policy is that such transactions must not disadvantage a client. Therefore, employee transactions may be included at the same time as clients, or in a "batch" transaction with multiple client transactions (at the same NAV).

Occasionally, the firm will contact clients prior to either placing trades in their discretionary accounts or prior to effecting changes in the clients' separate account manager(s). This is done as a matter of convenience to some clients with discretionary accounts, or because of tax, investment position, or cash considerations. In such situations, the firm's policy is to await a client's consent from the client prior to effecting the trades. This may result in employee trades being transacted prior to client trades (or transacted on an earlier trade date trades with those clients who have responded. This may result in employee transactions being effected at a more favorable or less favorable price than some clients' transactions. This timing may also result in changes in separate account managers being effected in employee accounts prior to the changes being implemented for all client accounts. Effecting changes in separate account managers can be immediate or can span several months given the decision, evaluation process and timing of



client responses. As this situation creates a conflict of interest, it is SPWM's policy that contacting clients regarding a transaction or change in manager will be initiated, but not necessarily effected due to the variances in timing and other factors, for all clients prior to an employee making a trade.

Furthermore, our firm has established a Code of Ethics which applies to all of our Supervised Persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics, which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our Supervised Persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request, by contacting our Chief Compliance Officer, whose contact information is provided in Item 1.

## **Item 12**

### **Brokerage Practices**

Our firm has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, recordkeeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients, but that benefit our firm.

As part of the arrangement described above, Fidelity also makes certain research and brokerage services available at no additional cost to our firm, including research services obtained by Fidelity directly from independent research companies, as selected by our firm (within specific parameters). The research and brokerage services provided by Fidelity are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm would be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above, for no additional cost, we have

an incentive to continue to use or expand the use of Fidelity's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Fidelity, and subsequently as part of its best execution review, and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution. Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The commission and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to Fidelity that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Although the investment research products and services that are obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

In certain instances, clients seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Any such client direction must be in writing (often through our advisory agreement), and may contain a representation from the client that the arrangement is permissible under governing laws and documents, if this is relevant.

We provide disclosure in writing to clients who direct trades to particular brokers, or who opt to place their own orders, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that we otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, their trade orders may not be aggregated with

other clients' orders and that direction of brokerage may hinder best execution.

SPWM has a number of controls in place to mitigate the risk of fraudulent wire transfers and check requests. SPWM's policy is to take measures to verify a client's identity prior to effecting a wire transfer or check request on behalf of a client.

Our firm also uses the Envestnet and Orion platforms for overlay management. Envestnet provides trading, research, fee calculation, and other reports specific to third party managed accounts. Orion provides performance, holdings statements, administrative services such as fee calculation and billing reports, and other reports for all accounts. Clients receive holdings reports for third party money managers directly from the custodian. Clients may access Orion through a secure portal through which they may obtain performance regarding the third-party managed accounts.

### **ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### **Separate Account Management Clients**

As discussed previously, SPWM generally utilizes Fidelity as the broker-dealer for any purchase or sale of assets for Client Accounts. We may, in the allocation of portfolio brokerage business and the payment of brokerage commissions, consider the brokerage and research services furnished SPWM or the Independent Manager by brokers and dealers, in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended. Such research generally will be used to service all of our clients, but brokerage commissions paid by the Client Accounts may be used to pay for research that is not used in managing the Client Accounts.

Should a Client direct in writing that the Adviser or our firm use a particular broker or dealer, then such Client will negotiate terms and arrangements for their Account with that broker or dealer and we will not seek better execution services or prices from other broker-dealers. As a result, such Client Account may pay higher

commissions or greater spreads, or receive less favorable net prices, on transactions for the Client Account than would otherwise be the case.

SPWM and Independent Managers are not responsible or liable for the acts or omissions of any broker-dealer.

### **Aggregation of Orders**

We perform investment management services for various clients. There are occasions on which portfolio transactions are executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the affected accounts.

When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, rebalancing needs, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Non-Discretionary Accounts**

We also provide investment management services on a non-discretionary basis, whereby the client determines whether to implement the investment recommendations provided and if so executes the trade independently. As a result, such Clients will not be included in any SPWM batched transactions and may pay higher or lower commissions or greater or lower spreads, or receive more or less favorable net prices, on transactions for the Client Account.

## **Item 13 Review of Accounts or Financial Plans**

Our Financial Advisors or Portfolio Managers review accounts on at least a quarterly basis for both our clients subscribing to Asset Management services and for Independent/Third Party Money Management clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We may review client accounts off-cycle in response to factors including client life events, client requests, and major market or economic events.

Accounts for which SPWM serves as an ERISA Section 3(38) fiduciary are reviewed on a quarterly basis. Each quarter, we provide either an electronic notice of the availability of client statements on Orion or, a copy of the quarterly investment report for those clients who have not consented to electronic delivery. Clients may access Orion through a secure portal at any time. Orion quarterly reports include current market value of holdings managed by SPWM as well as the related performance. Clients receive statements regarding holdings and performance of third party managers directly from the custodian. In addition, clients may access the performance of the third party managers through the Orion portal. Market value is determined by independent feeds from a custodian or public pricing service.

Written reports contain a legend that urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

The custodian sends account statements directly to clients at least quarterly.

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

SPWM previously had arrangements in place with Fidelity whereby the firm provided compensation for client referrals. Solicitation arrangements inherently give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of advisory services. SPWM addressed these conflicts through this disclosure. If a client was previously introduced to SPWM by a solicitor, SPWM agreed to pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any referral fees incurred for successful solicitations were paid solely from SPWM's investment management fee, and did not result in any additional charge to the client. If the client was introduced to SPWM by a solicitor, the solicitor would provide the client with a copy of SPWM's written disclosure brochure which met the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. SPWM has no other solicitation agreements in place.

#### **Participation in Fidelity Wealth Advisor Services**

In the past SPWM participated in the Fidelity Wealth Advisor Services Program (the "WAS Program"), through which SPWM received referrals from Strategic Advisers, Inc., ("SAI") a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. SPWM is independent and not affiliated with SAI or FMR LLC. The WAS Program was designed to help investors find an independent

investment advisor, and any referral from SAI to SPWM did not constitute a recommendation or endorsement by SAI of SPWM's particular investment management services or strategies. SAI did not supervise or control SPWM, and SAI had no responsibility or oversight for SPWM's provision of investment management or other advisory services.

Under the WAS Program, SAI acted as a solicitor for SPWM, and SPWM paid referral fees to SAI for each referral received based on SPWM's assets under management attributable to each client referred by SAI or members of each client's household. SPWM no longer participates in the WAS Program. However, residual fees are paid for past referrals. As a result, for referrals made prior to April 1, 2017, SPWM pays SAI an annual percentage of 0.20% of any and all assets in client referred accounts. For referrals made after April 1, 2017, SPWM pays SAI the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by SAI and (ii) an annual percentage of 0.25% of all other assets held in client referred accounts. For referrals made prior to April 1, 2017, these fees are payable for a maximum of seven years. Fees with respect to referrals made after that date are not subject to the seven-year limitation. In addition, SPWM agreed to pay SAI a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by SPWM and not the client.

SPWM's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include SPWM, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including SPWM. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including SPWM. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause SPWM to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including SPWM. Conference sponsorship fees are not dependent on assets placed with any specific provider, or the revenue generated by asset placement.

The following entities have provided conference sponsorship to Focus in the last year:

Charles Schwab & Co., Inc.  
eMoney Advisors, LLC  
Envestnet Financial Technologies, Inc.  
Fidelity Brokerage Services, LLC  
Fidelity Institutional Asset Management, LLC  
Orion Advisor Services, LLC

**Item 15**  
**Custody**

The Firm's Agreement and/or the separate agreement with any Financial Institution may authorize SPWM through such Financial Institution to debit the client's account for the amount of SPWM's fee and to directly remit that management fee to the Firm.

SPWM is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorize us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. A qualified custodian holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee. Clients should carefully review the account statements they receive from the qualified custodian. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

We have various controls in place to monitor such activity and protect the accounts. In addition, SPWM, under SEC Rule 206(4)-2 is subject to an annual surprise audit by a Public Company Accounting Oversight Board ("PCOAB") firm for client assets that SPWM is deemed to have custody of. SPWM will comply with the requirements set forth by the SEC.

**Item 16**  
**Investment**  
**Discretion**

In order to provide our Investment Management and Comprehensive Wealth Management services, SPWM requires clients using these services to sign a discretionary investment advisory agreement with our firm for the management of their account. We do not take or exercise discretion with respect to our other clients.

**Item 17**  
**Voting Client**  
**Securities****Proxy Voting**

Effective June 1, 2019, SPWM will no longer vote proxies on a client's behalf. Clients will receive proxies directly from Fidelity Investments where their assets are custodied or by its designee.

SPWM will continue to vote on corporate actions (*e.g.*, tender offers, mergers, optional dividend, etc.) pertaining to a client's securities in Sapient managed accounts and will vote such corporate actions in the best interests of clients and in accordance with our established policies and procedures.

SPWM does not and will not accept the proxy authority to vote client securities that are managed by third party managers. Third party money managers selected or recommended by our firm vote proxies for clients pursuant to their own proxy policies. Please refer to the Form ADV Part 2A of the third party money manager(s) for further information about their policies on voting client securities, their contact information, and the manner by which you can obtain information about how the third party money manager(s) voted your securities.

**Other Corporate Actions**

SPWM has an agreement with Broadridge Financial Services ("Broadridge") to process class action litigations on behalf of clients. Transactional information will be provided to Broadridge on a regular basis and claims will be processed for clients when appropriate. If claims prove to be successful for clients, their claim proceeds will be sent to SPWM for deposit into the clients' accounts. Broadridge will deduct a contingent fee of 20% from each respective client claim as payment for their services. SPWM does not receive any compensation for this service.

**Item 18**  
**Financial**  
**Information**

SPWM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.