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Indianapolis, IN 46260

## Part 2A – Appendix 1

Securities offered through Sanctuary Securities, Inc. Member FINRA, SIPC.  
Advisory Services offered through Sanctuary Advisors, LLC, A SEC Registered Investment Advisor.

### WRAP FEE PROGRAM BROCHURE

#### **Sanctuary Advisors, LLC.**

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April 2021 Update.

This brochure provides information about the qualifications and business practices of Sanctuary Advisors, LLC. ("Sanctuary"). If you have any questions about the contents of this brochure, please contact us at 317-975-7729. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Sanctuary also is available on the SEC's website at [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

Sanctuary is a registered investment adviser under the Investment Advisors Act of 1940. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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## ITEM 2: MATERIAL CHANGES

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

Any material changes since the last filing are described in Section 2 of the Sanctuary Advisors ADV Part 2A.

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## Item 4: Services, Fees, and Compensation

### DESCRIPTION OF FIRM

Sanctuary Advisors is a registered investment adviser based in the United States. We are organized as a limited liability company ("LLC") under the laws of the State of Indiana. We have been providing investment advisory services since May 28, 2015 as Noyes Advisors and changed our name to Sanctuary Advisors on March 31, 2019.

As used in this brochure, the words "we," "our" and "us" refer to Sanctuary Advisors, and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person in this brochure. Our Associated Persons are our firm's officers, employee, and all individuals providing investment advice on behalf of our firm.

We offer portfolio management services through a wrap-fee program ("Program") as described in this wrap fee program brochure to prospective and existing clients. We are the sponsor and investment adviser for the Program. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. **Note:** In some cases, affiliates of Adviser may provide services to Client assets separate and apart from this agreement. In particular, affiliates of Adviser may provide services to Client assets as a broker-dealer or representative thereof. In such a case, such assets ("Non-Account-Assets") may be subject to brokerage commissions and/or other transactional or other fees other than as set forth in this Agreement **(and in no way offset against fees charged under this Agreement)**. Adviser and Client may wish to discuss Non-Account-Assets from time to time (including whether or not Client would prefer any subset of Non-Account-Assets to be included under and fully subject to this Agreement). Further, notwithstanding anything to the contrary, Adviser may include Non-Account-Assets and other Client assets not managed under this Agreement in various aspects of reports or overviews supplied to Client under this Agreement.

If you participate in our wrap fee program, you will pay our firm a single fee, which includes money management fees, certain transaction costs, and custodial and administrative costs. You are not charged separate fees for the respective components of the total services. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the Program.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

Through our agreement with Lockwood Advisors, Inc. ("Lockwood"), an affiliate of Pershing and a SEC registered investment adviser, Lockwood provides access to third party money managers and investment advisory and discretionary services to Sanctuary with respect to the programs. Sanctuary clients have access to Lockwood's managed account command platform through their participation in the programs, including, as applicable, access to model providers and portfolio and asset managers reviewed and selected by Lockwood to participate in Lockwood's managed account command platform and, ultimately, reviewed and selected by Sanctuary to participate in the programs. Lockwood is an independent third-party investment advisor that also acts as a portfolio and/or overlay manager with respect to certain of the Sanctuary sponsored wrap fee programs (the "Lockwood Advised Programs"), as described below.

The applicable Client Advisory Fee depends in part on the program you have selected and is described later in this Item 4. The Client Advisory Fee, in addition to the annualized percentage agreed upon by you and your client advisor, is also based in part upon the market value of all assets under management in an advisory program account, including all balances in cash, money market funds, bank deposit programs, and securities' positions, but excluding margin debit balance (if applicable). There may, however, be additional charges such as wire transfer fees or commissions for trades not executed through our clearing firm. The Client Advisory Fee does not cover trades executed through broker-dealers other than Pershing. Please refer to "Transactions Executed Away from Pershing"

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below regarding the reasoning and added costs and fees you may incur when your Portfolio Manager elects to execute trades away from Pershing.

Additional information on the Client Advisory Fee is located later in Item 4 and in Sanctuary's Wrap Fee Program Advisory Agreement. Sanctuary's wrap fee program services may cost you more or less than purchasing similar services separately, assuming the services could be purchased directly from the various providers thereof. Each wrap fee program is available only for a Client Advisory Fee that is based upon a percentage of assets under management. In evaluating a wrap fee program, clients should consider several factors. A client may be able to obtain some or all the services available through a particular wrap fee program on an "unbundled" basis through Sanctuary or through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower (or higher) than the single, all-inclusive fee charged in the wrap fee program. Payment of an asset-based fee may produce accounting, bookkeeping or income tax results that differ from those resulting from the separate payment of (i) securities commissions and other execution costs on a trade-by-trade basis and (ii) advisory fees.

Any securities or other assets used to establish a wrap fee program account may be sold, and the client will be responsible for payment of any taxes due. Sanctuary recommends that each client consult with his or her tax advisor or accountant regarding the tax treatment of wrap fee program accounts.

Client Advisory Fees and the net fee revenues generated to Sanctuary vary between the various programs offered by Sanctuary. This presents a conflict of interest in that Sanctuary receives higher fee revenues from some programs than from others and, because the Client Advisors' salaries and bonus opportunities are based, in part, on production, i.e., the amount of net Client Advisory Fee revenues and other revenues generated to Sanctuary by their client accounts, we and our Client Advisors have an incentive to recommend a higher-priced program when a comparable lower priced alternative is available. Sanctuary's policies require all Client Advisors to only recommend those programs and services that are in the best interest of each client. Client Advisors are compensated periodically based on a percentage of the Client Advisory Fees generated their Clients.

The Wrap Fee table provides a comparison of the wrap fee programs sponsored by Sanctuary. Please refer to the specific wrap fee program heading below for further information regarding the management and costs of the program you are considering. Additional information regarding Lockwood and each of the other third-party portfolio managers and model providers referenced below can be found in their Form ADV Part 2A. Additionally, periodic information regarding a portfolio manager or model provider and its strategy will be available to Sanctuary's Client Advisors to provide to clients upon request.

### **LOCKWOOD ADVISTORFLEX PORTFOLIOS (LAFP)**

Sanctuary is the sponsor and Lockwood acts as the portfolio manager for LAFP, which is a managed account program that includes three, objectives-based strategies (Appreciation, Income and Preservation), with multiple Lockwood proprietary models within each strategy, as further described in Lockwood's disclosure documents. Client, with the assistance of Client's Sanctuary Client Advisor, is responsible for selecting the appropriate model for the Client. For each investment selection within a model, Lockwood identifies several options from which Client may choose. Lockwood will implement certain updates and changes to the models and may replace one investment vehicle with another and/or change the asset allocation of the model. If a model does not perform according to expectations, Lockwood may adjust the model.

### **LOCKWOOD ASSET ALLOCATION PORTFOLIOS (LAAP)**

LAAP is a discretionary, multi-discipline managed portfolio product. Sanctuary is the sponsor of LAAP within the Sanctuary Wrap Fee Program, and Lockwood serves as the portfolio manager. As portfolio manager, Lockwood determines the asset allocation strategy and selects investment vehicles for each investment style component of LAAP based on proprietary models. These models may consist of open- and closed-end mutual funds, exchange traded funds and other securities, as determined by Lockwood, in its sole discretion.

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The five (5) LAAP model portfolios are:

- Model I: Current Income
- Model II: Growth & Income
- Model III: Conservative Growth Model
- Model IV: Moderate Growth
- Model V: Growth

Model I is the most conservative model, with most of the model allocated to fixed income and the balance to equities; Model V is the most aggressive model, with an allocation focused on equities. Suitability is determined at the account level according to the model expectations. If a model does not perform according to expectations, Lockwood may adjust the model.

### **LOCKWOOD WEALTHSTART PORTFOLIOS (LWSP)**

Sanctuary is the sponsor and Lockwood acts as the portfolio manager for LWSP which is a multi-manager, multi-asset class ETF/mutual portfolio series. Twelve portfolios, six tax-aware and six traditional, span the risk spectrum targeting emerging to mass-affluent investors. The portfolios are designed for investors seeking Lockwood's investment vehicle research and portfolio management using predominantly ETF portfolios.

### **LOCKWOOD AMERICAN FUNDS CORE PORTFOLIOS (LAFCP)**

Sanctuary is the sponsor and Lockwood acts as the portfolio manager for LAFCP which consist primarily of American Funds mutual funds along with select ETFs. Three traditional portfolios target emerging to high-net-worth investors with an objectives-based solution for each stage of the wealth management life cycle. Lockwood is solely responsible for the fund selection and construction of the portfolios and neither American Funds Distributors, Inc. nor its affiliates are involved in such activities.

### **MUTUAL FUNDS & ETF STRATEGISTS**

The Mutual Funds & ETF Strategists Program is a model delivery program where Sanctuary, as program sponsor, selects certain third-party investment advisors (referred to herein as the strategists or model providers), made available under Lockwood's managed account command platform, who provide model portfolios to Lockwood for use in the program. Individual portfolios or models are selected by client, with the assistance and advice of Client Advisor.

Lockwood acts as the overlay portfolio manager to the program and manages client accounts in its discretion based on the selected models, implementing model changes and rebalancing client accounts pursuant to target allocations and program trading parameters.

You may choose from a selection of money market funds or other short term cash vehicles made available to you ("Sweep Options") for non-IRA or non-ERISA accounts, however Lockwood Advised Program discretionary accounts will have their Sweep Options determined by Lockwood Advisors, Inc. Information in this regard may be found in Lockwood's disclosure documents, which are provided to clients in those programs. Sanctuary and its Client Advisors do not receive any cash sweep compensation with respect to those Lockwood Advised Programs.

## SANCTUARY WRAP FEE BROCHURE TABLE

Wrap Free Program Name	Wrap Fee Product Name	Discretionary Program	Types of Securities Offered Include	Maximum Client Advisory Fee* at Time of Investment Amount	Minimum Investment
Advisor Directed	Advisor Directed Discretionary	Yes Sanctuary Advisor	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%	\$10,000
Advisor Directed	Advisor Directed Non-Discretionary	No Sanctuary Advisor	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%	\$10,000
Managed Account Solutions	SIS Equity Strategies	Yes Sanctuary Investment Solutions (SIS)	Equities, ADRs, Mutual Funds, ETFs, Cash	2.75%	\$50,000
Managed Account Solutions	SIS Fixed Income Strategies	Yes Sanctuary Investment Solutions (SIS)	U.S. Treasury Securities, U.S. Agency Securities, Cash, Residential/Commercial CMOs, Investment Grade and High Yield Corporate and Municipal Bonds, Corporate Notes, Asset-Backed Securities, Fixed Income ETF or Mutual Fund	2.75%	\$250,000
Managed Account Solutions	SIS Model Strategies	Yes Sanctuary Investment Solutions (SIS)	ETF, Mutual Fund Portfolios	2.75%	\$10,000 ETF Only \$50,000 ETF and Mutual Fund
Managed Account Solutions	Lockwood AdvisorFlex Portfolios (1)	Yes Lockwood	ETF, Mutual Fund Portfolios	2.75%	\$50,000
Managed Account Solutions	Lockwood Allocation Portfolios (1)	Yes Lockwood	ETF, Mutual Fund Portfolios	2.75%	\$50,000
Managed Account Solutions	Lockwood American Funds Core Portfolios (1)	Yes Lockwood	ETF, Mutual Fund Portfolios	2.75%	\$10,000
Managed Account Solutions	Lockwood WealthStart Portfolios (1)	Yes Lockwood	ETF, Mutual Fund Portfolios	2.75%	\$10,000
Managed Account Solutions	Third Party Equity and Balanced Strategies	Yes Portfolio Manager	Equities, ADRs, Mutual Funds, ETFs, Cash	2.75%	\$100,000
Managed Account Solutions	Third Party Fixed Income Strategies	Yes Portfolio Manager	U.S. Treasury Securities, U.S. Agency Securities, Cash, Residential/Commercial CMOs, Investment Grade and High Yield Corporate and Municipal Bonds, Corporate Notes, Asset-Backed Securities, Fixed Income ETF or Mutual Fund	2.75%	\$100,000
Managed Account Solutions	Third Party Mutual Funds and ETF Strategists	Yes Portfolio Manager	ETF, Mutual Fund Portfolios	2.75%	\$10,000
UMA Solutions	Diversified Managed Account	Yes Lockwood (Overlay Manager) and Selected Portfolio or Model Managers	SMAs, Models, Mutual Funds, ETFs, Equities	2.75%	\$100,000

(1) Denotes a Lockwood Advised Program

\*The portfolio manager fees are included in the Client Advisory Fee. The Client Advisory Fee also includes a Sanctuary One Sponsor Fee, and a Platform Fee charged by Pershing and Lockwood as compensation for advisory (Lockwood's overlay/portfolio management services with respect to the Lockwood Advised Programs), administrative, clearing and custody services.

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## CLIENT INVESTMENT PROCESS

We provide discretionary portfolio management services in accordance with your individual investment objectives. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions, and over the commission rates to be paid. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and/or through trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

This Program allows you to choose an investment option that employs a model portfolio developed by our firm that is diversified among investment styles and/or asset classes. We will use the information we gather to develop a strategy that enables our firm to customize an investment portfolio. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance and re-balance your investments as required by changes in market conditions and in your financial circumstances.

Assets for program accounts are held at Schwab, TD Ameritrade, Pershing, Fidelity or your custodian (hereafter the custodian) as custodian. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment and the advisory fees charged by investment advisers.

## CHANGES IN YOUR FINANCIAL CIRCUMSTANCES

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g., attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. Furthermore, unless you indicate to the contrary, we shall assume that there are no restrictions on our services, other than to manage your account in accordance with your designated investment objectives. It is responsibility to promptly notify us if there are ever any changes in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

## THE PROGRAM FEE

We charge an annual "wrap-fee" for participation in the Program depending upon the market value of your assets under our management. The wrap fee advisory arrangement that you selected is where your transaction fees, custodian fees, platform fee, manager fees and our advisory fee are all bundled into a single asset-based fee. You all trade expenses of trades placed on your behalf. Our Program fee includes the fee we pay to any portfolio manager for their management of your account and your brokers transaction or execution costs. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. In special circumstances, and in our sole discretion, we may negotiate a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, etc.).

Except for the initial Fee Period, the Fee is paid in advance and is due and payable on the first day of each Fee Period. The Fee for the initial Fee Period will be due and payable in the month immediately following the start of the initial Fee Period. The fee for the initial Fee Period shall be based on valuation of the Account (determined as the market value plus any accrued interest) as of a date of Adviser's choosing but within 30 days of the date the Account was opened and/or initially funded. Thereafter, the Fee will be based on the Account balance (determined as the market value plus any accrued interest) valued as of the last day of the immediately preceding Fee Period.

For the Fee Period in which this Agreement is terminated, the Fee will be prorated based upon the number of days that services were provided, and Adviser will issue a refund of any remaining balance of prepaid fees.

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As a client, you should be aware that the wrap fee charged by our firm may be higher (or lower) than those charged by others in the industry, and that it may be possible to obtain the same or similar services from other firms at lower (or higher) rates. A client may be able to obtain some or all of the types of services available through our firm's wrap fee program on an individual basis through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower or higher than the annual fees shown above.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available break points in our fee schedule stated above.

## **WITHDRAWAL OF ASSETS**

You may withdraw account assets on notice to our firm, and subject to the usual and customary securities settlement procedures. However, we design our portfolios as long-term investments and asset withdrawals may impair the

## **PAYMENT OF FEES**

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

## **TERMINATION OF ADVISORY RELATIONSHIP**

You may terminate the wrap fee program agreement upon written notification our firm. You will incur a pro rata charge for services rendered prior to the termination of the wrap fee program agreement, which means you will incur advisory fees only in proportion to the number of days in your billing period. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Upon termination of accounts held at your custodian, they will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. After the wrap fee program agreement has been terminated, transactions are processed at the prevailing brokerage rates/fees. You become responsible for monitoring your own assets and our firm has no further obligation to act upon or to provide advice with respect to those assets.

## **WRAP FEE PROGRAM DISCLOSURES**

The benefits under a wrap fee program depend, in part, upon the size of the Account, the management fee charged, and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.

In considering the investment programs described in this brochure, you should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker dealers.

Our firm and Associated Persons receive compensation as a result of your participation in the Program. This compensation may be more than the amount our firm or the Associated Persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our Associated Persons have a financial incentive to recommend the Program.

Similar advisory services may be available from other registered investment advisers for lower fees.

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## **ADDITIONAL FEES AND EXPENSES**

The Program Fee includes the costs of brokerage commissions for transactions executed through the Qualified Custodian (or a broker-dealer designated by the Qualified Custodian), and charges relating to the settlement, clearance, or custody of securities in the Account. The Program Fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the Qualified Custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The Account will be responsible for these additional fees and expenses.

The wrap program fees that you pay to our firm for portfolio management services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and achievement of your specific investment objectives.

We may trade client accounts on margin. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This creates a conflict of interest where we have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

## **BROKERAGE PRACTICES**

If you participate in the Program, you will be required to establish an account with an approved custodian by Sanctuary. If you do not direct our firm to execute transactions through an approved custodian, we reserve the right to not accept your account. Not all advisers require their clients to direct brokerage. Since you are required to use an approved custodian, we may be unable to achieve the most favorable execution of your transactions. We believe that our approved custodians provide quality execution services based on several factors, including, but not limited to, the ability to provide professional services, reputation, experience and financial stability.

## **RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

We do not have any soft dollar arrangements.

## **ECONOMIC BENEFITS**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

## **BROKERAGE FOR CLIENT REFERRALS**

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

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## Item 5 Account Requirements and Types of Clients

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

- ☐ Individuals
- ☐ Corporations and other businesses
- ☐ Trusts
- ☐ Estates
- ☐ Charitable Organizations
- ☐ Pension and Profit Sharing
- ☐ Plans

Employee Benefits

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively. We, at our sole discretion, may establish a minimum portfolio asset value size requirement for participation in our Wrap Program. The Lockwood programs discussed in Section 4 above have investment minimums which are set forth in the charts in Section 4.

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

## Item 6 Portfolio Manager Selection and Evaluation

We are the sponsor and sole portfolio manager for the Program. Sanctuary Advisors may delegate some or all of its responsibilities under the Investment Management Agreement to another affiliated or unaffiliated SEC-registered Investment Adviser (acting as the "Sub-Adviser"). The Sub-Adviser may assist Sanctuary in the fulfillment of its responsibilities and/or, if authorized by Sanctuary (and following the general instructions of Adviser, Sanctuary Advisors and/or Client, as appropriate), perform the services that would otherwise be performed by Sanctuary to the same degree as would have otherwise been the obligation or right of Sanctuary Advisors and shall be entitled to equivalent protections and indemnification rights. The Sub-Adviser may, with the consent of Sanctuary Advisors, directly or indirectly further delegate some or all responsibility to other affiliated or unaffiliated investment advisers or model portfolio management systems. Refer to Services, Fees, and Compensation for additional disclosures on costs associated with your participation in the Program.

### PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

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## METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

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

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

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

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

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

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

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

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**Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

**Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

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

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

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

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

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

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

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

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

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

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

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

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## TAX CONSIDERATIONS

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

Moreover, custodians and broker-dealers must report the cost basis of equities acquired in client accounts on or after January 1, 2011. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method.

Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## RISK OF LOSS

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## OTHER RISK CONSIDERATIONS

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

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

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

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

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

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

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## PROXY VOTING AND CLASS ACTION

Unless the client indicates on their Investment Advisor Agreement that Sanctuary should not vote proxies, (i) Adviser shall be responsible for voting proxies pertaining to the Account and (ii) Adviser is authorized and instructed (directly or by use of one or more third parties, as described below) to provide asset recovery services covering global securities class action lawsuits and disgorgements involving securities held in the Account, file proofs of claim in connection with such legal proceedings and collect and receive payment from the claims administrator of the proceeding and distribute such amounts directly to Client. Notwithstanding the foregoing, Adviser shall have no obligation to provide Client with legal, financial and/or accounting advice with respect to such legal proceeding described in (ii). Client shall instruct the custodian to forward promptly to Adviser, or its designee, copies of proxies and shareholder communications relating to securities held in the Account. Client agrees that Adviser will not be responsible for voting proxies if Adviser or its designee has not received such proxies or related shareholder communications on a timely basis and Client shall be deemed to have retained responsibility for voting such proxies. Client agrees that Adviser may engage a third party independent service to assist with the administrative functions related to these services (who may, for its services under (ii), retain a material portion of any recovery – typically in the range of 20%). The right of Adviser to vote proxies and perform the services under (ii) shall continue until the earlier of the termination of this Agreement or such time as Client revokes Adviser's authority to vote proxies and perform such services under (ii) and specifically reserves such right to the Client or to another designee (Adviser to be given not less than ten (10) days prior notice of any such revocation).

## Item 7 Client Information Provided to Portfolio Managers

In order to provide the Program services, we will share your private information with your account custodian. We may also provide your private information to mutual fund companies and/or private managers as needed. We will only share the information necessary in order to carry out our obligations to you in servicing your account. We share your personal account data in accordance with our privacy policy as described below.

## Item 8 Client Contact with Portfolio Managers

Without restriction, you should contact our firm or your advisory representative directly with any questions regarding your Program account. You should contact your advisory representative with respect to changes in your investment objectives, risk tolerance, or requested restrictions placed on the management of your Program assets.

## Item 9 Requirements for State-Registered Advisers

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

## Item 10 Additional Information

### DISCIPLINARY INFORMATION

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

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## Other Financial Industry Activities and Affiliations

### DESCRIPTION OF OUR CODE OF ETHICS

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### PERSONAL TRADING PRACTICES

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### BLOCK TRADING

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### REVIEW OF ACCOUNTS

Supervisory and other investment personnel will monitor your accounts on an ongoing basis and will conduct periodic account reviews or upon client request, to ensure the advisory services provided to you are consistent with your investment needs and objectives.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s) for your review and retention.

### CLIENT REFERRALS AND OTHER COMPENSATION

We receive economic benefits from a non-client for providing investment advice or other advisory services to you. Through our participation in certain programs or use of a custodian we are entitled to receive economic benefits. As part of our fiduciary duty, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm from a non-client in and of themselves creates a potential conflict of interest and may influence our choice in providing services to your account. This arrangement does not cause our clients to pay any additional transaction fees beyond those that are traditionally charged by our firm and/or other service providers.

Refer to the Services, Fees, and Compensation section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

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## **CLIENT REFERRALS (NON-EMPLOYEES)**

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services.

Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

## **BLOCK TRADES**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Participants in this wrap program will not pay any portion of the transaction costs in addition to the program fee.

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

We combine multiple orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **FINANCIAL INFORMATION**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not been the subject of a bankruptcy proceeding at any time.