



Cover Page

## Form ADV Part 2 Brochure

### Sequent Asset Management, LLC

952 Echo Lane, Suite 312  
Houston, Texas 77024 USA  
Phone 713-467-0008  
Fax 713-467-0081

[www.sequentasset.com](http://www.sequentasset.com)

This Brochure provides information about the qualifications and business practices of Sequent Asset Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 713-467-0008. 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 Sequent Asset Management, LLC also is available on the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Sequent Asset Management, LLC is 148194.

Sequent Asset Management, LLC is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training.

*Brochure updated March 2021*

## **Material Changes**

This item is used to discuss only specific material changes that are made to the Brochure since its last annual update and provide clients with a summary of such changes. As of the date of this brochure, the Firm does not have any material changes since the last ADV report posted in March 2020.

Sequent Asset Management, LLC (“Sequent” or the “Firm”) will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business’ fiscal year-end. Further, Sequent will provide clients with a new Brochure, as necessary, based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Tim Hartzell, Founder, Chief Investment and Compliance Officer, at 713-467-0008 or [thartzell@sequentasset.com](mailto:thartzell@sequentasset.com). Our Brochure is also available on our Web site [www.sequentasset.com](http://www.sequentasset.com), free of charge.

Additional information about Sequent Asset Management, LLC is also available via the SEC’s Web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s Web site also provides information about any persons affiliated with the Firm who are registered, or are required to be registered, as investment adviser representatives.

## Table of Contents

### Contents

Cover Page .....	1
Material Changes .....	2
Table of Contents .....	3
Traditional Advisory Business .....	4
An Overview of the Firm .....	9
Key Personnel.....	10
Assets Under Management.....	12
Types of Clients .....	12
Client Accounts.....	12
Methods of Analysis, Investment Strategies and Risk of Loss.....	13
Investment Discretion .....	15
Voting Client Securities .....	16
Fees and Compensation .....	17
Fee Payment Options .....	20
Performance-Based Fees and Side-by-Side Management .....	21
Brokerage Practices.....	21
Financial Information .....	23
Custody .....	23
Code of Ethics, Participation in Client Transactions and Personal Trading .....	24
Other Financial Industry Activities and Affiliations .....	25
Disciplinary Information.....	25
Business Continuity Plan .....	25
Privacy Notice to Customers .....	26

Sequent has two main business offerings, each with their own service components and client bases. Sequent has a **Traditional Advisory Business** that provides Family Office Wealth Management, Investment Management, Financial Counseling, and Portfolio Consulting and Fiduciary Coordination services to individuals, including closely held business owners, senior corporate executives, retirees, trusts, estates, charitable organizations and corporations or other business groups. In addition, Sequent has an **Advisory Investment and Consulting Business** that provides Investment Management Consulting, Compliance Consulting, and Client Communication and Marketing Consulting services to peers and professionals.

## Traditional Advisory Business

Many wealth management and investment firms offer unique benefits. For some, it is the credentials of their professional staff. For others, it is their internal processes and financial disciplines. And for others still, it is their proprietary service or product offerings. While these claims make some firms unique, to us they miss the mark.

At Sequent, we offer a unique approach – the focused experience we have in working with families and their businesses. As a comprehensive multi-family office, we specialize in helping families who have, had or will have their own business. Be it a multi-generational family owning and running a closely held business or a high ranking corporate executive of a publicly traded or privately held company or a professional with their own practice; our differentiation is not in what we do, but rather what our clients do and how we help them do it better. We specialize in helping families at key financial crossroads in life, such as births, deaths or divorces, starting a business, retirement, selling a business, etc.

Investment advisory and personal and business financial consulting services are provided to high-net-worth families, trusts, estates and charitable organizations and corporations or other business entities. Investment advice, financial counseling and comprehensive portfolio management services

are provided on a continuing basis. The Firm has provided these services since 2008.

Most firms focus on ways to have clients fit into certain asset allocation and planning strategies with consistent holdings and entities that enable the broker or team to serve a massive number of clients and accounts. At Sequent, we do not have blanket asset allocation strategies or boilerplate personal financial or trust/estate templates. For each client family, we review their unique goals and hopes, their specific concerns and risks and their assets and earnings, and from this personal data, an allocation strategy and personal financial plan is custom designed, recommended and implemented. For most families, we provide a holistic service approach that includes:

### **(1) Family Office Wealth Management Services**

Sequent's family office is a holistic wealth management solution. Our services include a comprehensive review, analysis, and recommendations combined with the ongoing management for a family's accumulating wealth in any type of account (personal, trust, retirement, charitable, etc.) to include asset allocation determination (by account and overall) and tactical adjustments to specific investment holdings over time in keeping with lifestyle changes and prevailing or anticipated economic and market conditions. Sequent's family office management services include review, analysis, and recommendations across the seven key areas of a family's personal financial situation: (1) Balance Sheet; assets and debts, (2) Cash Flow; income and expenses, (3) Accumulation; savings for retirement, college funding, etc., (4) Insurance, (5) Tax; income, capital gains, business, gift and estate, (6) Estate & Gift planning, and (7) Business/Succession planning.

### **(2) Investment Management Services**

Sequent provides investment management on a stand-alone basis, upon request, to meet unique client requirements. Fees are negotiable. This service offering entails a detailed, fiduciary-based investment process centered on an investment committee format.

### **(3) Financial Counseling Services**

Sequent provides financial counseling services on a stand-alone basis, which include review, analysis and planning recommendations provided across any or all of the seven key areas noted above.

#### **(4) Portfolio Consulting and Fiduciary Coordination Services**

Sequent provides portfolio consulting services, including:

1. Determination of an asset allocation posture (from recommendations made by Sequent) that coincides with beneficiary and ongoing business cash flow needs as well as possible cash/liquidity sources (distributions, re-financings and sales) for business ventures;
2. Review, determination and approval (based on recommendations made by Sequent) for changes in specific money managers;
3. Summarizing on a quarterly basis views for prevailing market, economic and political conditions that affect overall investments with observations and detailed review summaries provided on each money manager and their actions and results for the previous quarter (and rolling periods backwards);
4. Presentation of investment detail as to asset allocation, holdings and manager mix;
5. Recommendations for changes in asset allocation policy overall based on their views and collectively those of money managers being utilized;
6. Initial review and recommendation of all money managers as to their asset class, performance and appropriateness;
7. Recommendations based on actions and/or results for any changes in money managers (additions, deletions or replacements); and
8. Ongoing coordination and liaison services to facilitate distribution requests, tax matters and beneficiary needs.

### **Advisor Investment and Consulting Business**

Responding to repeated conversations and requests from peer advisory individuals and firms, Sequent offers array of consulting services to advisors to assist them with aspects of serving clients and managing their business. Based on the collective experience of Sequent principals in serving clients,

working primarily in fiduciary-based organizations with strong levels of standardization, oversight and client care; current and leverageable capabilities and capacity were made available to select advisors to assist them with their current management of existing client investment matters as well as helping them to be better positioned for organic growth from current clients and new clients.

Once again, at Sequent, we have chosen to offer a unique open-architecture and non-proprietary approach to serve this new client base. We seek to not have boilerplate service packages, pre-set asset allocation bands and generic planning strategies with consistent holdings and entities but instead work individually with each client firm and their respective client bases to tailor firm-wide investment consulting, oversight and recommendations from our fiduciary and high net worth client family, trust and estate perspectives. We also look to add in, where desired, additional expertise and capacity to address compliance issues, client communication needs, investment and market updates, prospect marketing and firm strategic positioning.

For each advisor, we review their unique firm goals, concerns and risks and their clients' current investment assets and earnings, and from this firm-wide and client specific data, we provide a la carte service offerings for the firm to select from to best serve their clients and to meet firm goals and objectives. These services are entirely synergistic and complimentary to those being provided by Sequent to its client base through its traditional service offerings. We specifically provide for advisors:

### **(1) Investment Management Consulting Services**

Sequent provides consulting services to advisors and their firms, including the introduction of a detailed and fiduciary-based investment process including the following items:

1. Timely review of all client assigned accounts at least semi-annually on a cycle to be determined;
2. Client specific recommendation reports – portfolio review in keeping with asset allocation guidelines;
3. Designed Investment communication, quarterly summaries, market 'flash' updates and emails to the advisor for use under their discretion to their clients;
4. Establish a regular Investment Committee process with meetings, attendance and minutes tracking for a routine and orderly process for client investment management

decisions and actions;

5. Investment review process by client and by client account – asset allocation and asset review;
6. Bond trading, process established with bond log reporting;
7. Mutual fund review – commonly held funds reviewed for performance, tracking and manager selection; and
8. Tracking of certain assigned unique or outside holdings with recommendations to fit a desired strategy of retention or diversification per client-specific issues.

## **(2) Compliance Consulting Services**

Sequent provides compliance counseling services on a stand-alone basis, which includes assistance with investment process, reporting and client-specific documentation support.

## **(3) Client Communication and Marketing Consulting Services**

Sequent provides client and prospective client communication and marketing consulting services, including:

1. Regular client communication emails on timely market, economic and financial planning (tax, debt, insurance, etc.) topics;
2. Quarterly client communication letters regarding investment changes (past and upcoming) and market/economic expectations;
3. Where appropriate and requested by the advisor, detailed review summaries on selected fund managers and their actions and results for the previous quarter or year (and rolling periods backwards);
4. Quarterly prospective client communications in an orderly and repetitive manner synergistic to Sequent's "17 Touches" program for business development;
5. Presentation of investment detail as to asset allocation, holdings and manager mix on a per client basis as needed and requested by the advisor; and
6. Additional communication items such as Flashes and Summer Readers as determined appropriate and necessary by the advisor.



## **An Overview of the Firm**

Sequent was formed in 2008 as a multi-family office and professional investment management firm dedicated to serving a select number of client families and their needs. Sequent is directly owned by Hartzell, LLC, and MadsenWaters, LLC. Tim Hartzell and David Doll are Managing Members of their respective limited liability companies. As partners, we decided early on that what we were seeking to create was a *boutique* firm, a firm focused on serving highly ranking corporate executives, professionals and families that have, had or will have a closely-held business. We have also responded to the request from peer firms to offer parallel services to support their firms and maximize efficiencies. Having spent time at large organizations, we were well aware of the distractions that come with managing a large staff along with overseeing the company itself.

We decided to be selective with those that we work with, ensuring for our client families that our differentiation would truly be not what we do, but rather what our clients do and how we help them to do it better. We strive to provide client comfort and trust by being more intimate, and more connected with each family, avoiding the normal dilution that occurs as a firm/individual grows in clients and accounts. We travel extensively to know and be a part of our clients' lives, working with over thirty families in over a dozen states and several countries. For a boutique firm, Sequent partners have considerable international experience in helping families and executives with investment and business activities from the US to Europe, Latin America and the Far East.

In the last year or so, we have been approached by various peer firms to share our investment and client service model. By partnering with us, these firms can leverage off of our existing deliverables and experience to help expand their practice and success. Through these "affiliations" with other advisors, Sequent is able to share its knowledge of and capabilities for investments, compliance and communication to help maximize firm efficiency and effectiveness. This process is helping both a young firm to grow its practice and another firm is working with us as a succession plan for their clients as the lead principal looks to exit and transition over time into retirement.

**Why Sequent?** Quite simply, our experience and commitment focuses on serving families that have, had or will have their own business. Forged through decades of working exclusively with closely held

business owners and high ranking corporate executives, we have a unique body of knowledge and deployable skill sets in the areas that most impact the accumulation and transfer of wealth for our client families. As a comprehensive multi-family office, we dedicate ourselves to providing custom tailored and client specific solutions for our families. We help families to focus on maximizing and balancing personal and corporate investments and developing replacement cash flow and liquidity. Additionally, we help coordinate business leadership transitions along with wealth transfers from one generation to the next, and optimizing financial decisions to mitigate the impact of current and future taxation on a family's wealth.

Sequent partners are involved with each client, providing the wealth of our multi-disciplinary talents across each family's needs. We keep administrative costs and distractions to a minimum by being selective in the type of client families we serve. This allows us to spend more time focusing our attention on our clients' financial affairs. Our services are much broader than financial planning, investments, and fiduciary consulting. We seek to serve as a family's *personal chief financial officer* to both recommend and coordinate matters important to them. We utilize a proven process honed over time that focuses on cash flow as the bedrock element in long-term financial success and comfort for each family.

As a true fee-only family office firm, the only revenue earned by our firm is fees paid to us by our client families or by firms that seek our investment /consulting-based advice.

## **Key Personnel**

Sequent is overseen by a team of its most senior members and largest shareholders. Our Management Team consists of:

**Tim S. Hartzell**, *Founder & Manager, Chief Investment Officer & Chief Compliance Officer*

Tim is a Founder and Manager, and the Chief Investment and Chief Compliance Officer of Sequent. Tim heads up the investment operation as well as overseeing compliance for the firm. As the CIO, Tim chairs the Investment Committee and is responsible for the formation of investment policy, strategy,

selection and implementation for client accounts. Prior to his founding Sequent in 2008, Tim was the Chief Investment Officer for Legacy Asset Management and Kanaly Trust Company. Tim was also the Southwest Regional Director of Wells Fargo's Institutional Trust Group.

Tim holds a BA in Business Administration with a concentration in Economics and Finance from the University of Mount Union, a Master of Science in Banking and Financial Services from Boston University, is a Chartered Financial Analyst (CFA) and a graduate of the Harvard Business School's executive program of Investment Management. Tim has completed the American Bankers Association's National Graduate Trust School at Northwestern University and the Asset/Liability Management School at the University of Colorado, Boulder. Tim serves as an Arbiter for the Financial Industry Regulatory Authority (FINRA) and a lecturer for the Chartered Financial Analyst study review course for Kaplan Professional Education Corp.

Tim has over 35 years of experience in investment management. Tim has appeared on CNBC and Bloomberg Television and frequently provides economic and market commentary for Bloomberg Radio. He has been quoted in the *New York Times* and *Smart Money*, and by *Bloomberg* and *Reuters* news services.

**David M. Doll, *Founder & Chief Executive Officer***

David is a Founder and the Chief Executive Officer (CEO) of Sequent. His primary responsibilities relate to the coordination and management of client family financial affairs. David is also the President and Chief Executive Officer of L.E. Jones Company, Inc. Prior to his founding of Sequent in 2008, David was with Kanaly Trust Company for nearly twenty years, where he rose to become the firm's President and CEO for five years as well as heading both its investment and trust committees. He also was a Regional Manager for Boatmen's Trust Company of Texas, and before that, a Management Consultant for KPMG Peat Marwick. David holds both undergraduate and graduate business degrees from the University of Houston with concentrations in finance and tax, respectively. David is an honors graduate from the National Graduate Trust School at Northwestern University in Chicago, Illinois where he earned the Certified Trust and Financial Advisor designation.

David has been quoted in the Wall Street Journal, Forbes, the Houston Chronicle and Houston Business Journal and other newspapers and magazines and he is a frequent guest on CNBC and Bloomberg Television. His specific area of expertise is his knowledge and experience working with families who have operating businesses in the US and overseas as well as with corporate executives leading significant public and private companies. He is recognized and called on as an expert in the areas of succession planning and strategic leadership within family businesses along with taxation and trust and estate matters where he has been called on to provide expert witness testimony and support in complex fiduciary litigation.

## **Assets Under Management**

Our assets under management, as of December 31, 2020 are \$ 343,092,637 on a discretionary basis and \$368,946,176 on a non-discretionary basis for a total of \$712,056,813 million (approximate).

The above does not include any assets for advisors and clients where we are providing consulting services

## **Types of Clients**

We provide our services to a number of clients:

- (1) Individuals, including closely held business owners, senior corporate executives and retirees;
- (2) Peers and professionals;
- (3) Trusts, estates and charitable organizations; and
- (4) Corporations or other business groups.

## **Client Accounts**

**Reviews.** The Investment Committee consisting of David Doll and Tim Hartzell, are responsible for the process of reviewing all accounts at least on a quarterly basis and will compare each investment

on a transaction basis to insure that each transaction is: (i) suitable to the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances or the market, economic, or political environment.

**Reports.** We issue quarterly reports to our clients, which generally report and are intended to demonstrate the performance of account assets as well as providing an asset holding summary and the total for contributions/withdrawals for the term. Additionally clients will receive an annual performance report for each calendar year, summarizing all portfolio activity for the year. Clients receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains such clients' investment assets. We urge our client families to carefully review these statements and compare such official custodial records to the account statements that we may provide to them. Our statements and reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities and this is noted to each client accordingly.

**Minimum Account Size.** We do not have a stated minimum account size, but the typical client family relationships we work with entail overall account(s) well in excess of \$1,000,000. In addition, we reserve the right to refuse to accept proposed management responsibilities and to resign from the management of any individual account.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

**Analysis.** As a comprehensive multi-family office, we dedicate ourselves to providing custom tailored and client specific solutions for our client families. We help families to focus on maximizing and balancing personal and corporate investments and developing replacement cash flow and liquidity. This individualized approach entails both a "bottoms up" approach to understanding a family's financial situation and risk tolerances, and a "top down" approach of assessing investment alternatives. The investment assessment starts with the investment environment – demographics, technological, political and geopolitical factors – and progresses into analysis of investment types and

securities.

**Our Investment Strategies.** We offer several investment strategies to client families and in doing so may invest in a wide range of securities and other financial instruments including:

- (1) Equity securities;
- (2) Exchange-listed securities;
- (3) Over-the-counter securities;
- (4) Securities of foreign issuers (including ADRs, EDRs and GDRs);
- (5) Warrants and Rights;
- (6) Restricted shares;
- (7) Local access products;
- (8) Options contracts;
- (9) Futures and Options on Futures Contracts;
- (10) Corporate debt;
- (11) Commercial paper;
- (12) Certificates of deposit;
- (13) United States government securities;
- (14) Municipal securities;
- (15) Investment company securities including variable life insurance products;
- (16) Variable annuities and mutual funds;
- (17) Interests in partnerships investing in real estate, oil and gas interests;
- (18) Swaps;
- (19) Forward contracts;
- (20) Cap and Floor options;
- (21) Interest and principal only strips;
- (22) Structured notes;
- (23) Listed and over the counter derivatives;
- (24) Mortgage related and other asset backed securities;
- (25) Bank loans;
- (26) Collateralized debt and mortgage obligations;
- (27) Foreign currency forward agreements;

- (28) Repurchase and reverse repurchase agreements; and
- (29) Private placements.

As financial markets and products evolve, we may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with client guidelines, objectives and policies.

**Security Analysis.** Our security analysis methods include both fundamental and technical analysis.

**Sources of Information.** In conducting security analysis, we utilize a broad spectrum of information, including financial publications, third-party research materials, annual reports, prospectuses, regulatory filings, company press releases, and corporate rating services.

**Risk of Loss.** All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities are not sold to “lock in” the profit). Stock markets and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of client family assets; however, we cannot guarantee any level of performance or that clients will not experience a loss in the value of account assets. Investing in securities involves risk of loss that clients should be prepared to bear.

## **Investment Discretion**

We have discretionary authority to make determinations regarding the securities that are to be bought and sold, as well as the quantities of such securities, the placing of orders for the execution of such securities transactions with other third party broker/dealers, and determining the commission rates paid. Such authority is provided in our written contract with each client. In some cases, this discretion is subject to mutually agreed upon investment guidelines relative to the client’s portfolio. We have portfolio guidelines available for clients to adopt, in whole or in part, if they do not have their own. Client investment guidelines may or may not limit the scope of potential investments. As

a result, clients can impose restrictions on investing in certain securities or types of securities. Within client guidelines and instructions, our Management Team (described below) makes decisions as to the nature and quantity of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for which we advise. Investment guidelines and restrictions must be provided to us in writing.

Unless a client instructs otherwise, we may place orders for the execution of transactions with or through a broker/dealer we may select, and complying with Section 28(e) of the Securities Exchange Act of 1934, may pay a commission on transactions in excess of the amount of commission another broker or dealer would have charged. We will select such brokers that can effect transactions at the best price and execution under the prevailing circumstances. In managing investment portfolios, and we will act in a manner in keeping with what it understands and believes to be the best interests of the client.

Executions for clients will always receive priority. The officers and employees of Sequent report transactions monthly to the Firm's Chief Compliance Officer.

## **Voting Client Securities**

As a matter of Firm policy and practice, Sequent does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Sequent may provide advice to clients regarding the clients' voting of proxies.



## **Fees and Compensation**

### **(1) Family Office Wealth Management Services**

Sequent's family office wealth management services fee is based on the investable assets under management utilizing the following schedule:

<b>Assets Under Management</b>	<b>Annualized Fee Applicable to Each Tier of Assets Under Management</b>
First \$1 million	1.00%
Next \$2 million	0.90%
Next \$2 million	0.80%
Next \$5 million	0.65%
Next \$10 million	0.50%
Over \$20 million	negotiable

In certain cases, a minimum fee may be charged as outlined in the Investment Management Agreement. Notwithstanding the above, all advisory fees and investment management fees are negotiable. Notwithstanding the above, certain founding client families may have fee arrangements that are lower than the fees in the Firm's schedule.

Fees are calculated for each tier by multiplying the assets under management in such tier by the relevant annual percentage rate and then allocating the percentage of the fee attributable to the quarter based upon the actual number of days in the quarter. The fees attributable to each tier are then summed to determine the total fee for the quarter. Fees are normally payable quarterly in advance. Such fees may be deducted from client's account(s) quarterly within thirty (30) days following the beginning of the quarter for which said fees will be incurred, or such later date as the calculation of the fee for such period may require. Fees for the initial period may be adjusted pro-rata based upon the number of calendar days in the calendar quarter when the Agreement goes into effect. We maintain a Limited Power of Attorney for all discretionary accounts for the purposes of directing and or otherwise effecting investments on behalf of the managed account, for the direct payment of our fees and or the

payment of commissions, custodial fees and or other charges incurred by the managed account.

To the extent mutual funds are selected to fill components of the overall investment strategy, the annual advisory fee set forth above does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with a mutual fund company including Rule 12b-1 fees and expenses. Client families are advised that, in addition to the annual advisory fee set forth above, each mutual fund in which assets are invested will incur separate investment advisory fees and other expenses for which the client will bear a proportionate share. Again, Sequent is a fee-only firm and does not receive compensation directly or indirectly from mutual fund companies.

## **(2) Investment Management Services**

Sequent will provide stand-alone discretionary investment management services for a negotiated fee. Typically, the fees are based on assets under management. Our clients are responsible for other charges that may apply to the management of their account or custody of their assets. Additional charges may be levied for services, outside valuations or legal fees. The client is responsible for any additional Investment Adviser, Operational or Transactional fees. Our fee can be unique and differ between clients based on size, complexity, or other variables.

## **(3) Financial Counseling Services**

Sequent's Financial Counseling Services are provided on a project basis for a fee quoted in advance. The typical fee range is between \$1,000 and \$25,000 depending on the complexity of the situation. A follow up letter or report will cover, needs/goals and any recommendation or action steps. An initial review, provided at no cost, is required so that Sequent can provide a written proposal as to the services, expectations, and fees a client family should expect.

## **(4) Portfolio Consulting and Fiduciary Coordination Services**

Sequent will provide non-discretionary portfolio consulting and fiduciary coordination services for a negotiated fee, which is usually based upon a percentage of the client family's assets for which consultation is provided. In addition, our clients will be responsible for other charges that may

apply to the management of their account or custody of their assets. Additional charges may be assessed for services that include the following: Investment Management Services of External Investment Advisers; Operational Fees (including mutual funds expenses); Transaction Fees (commissions); and Clearing and Custodial Fees. Our fee for ongoing non-discretionary consulting services is negotiable, depending on the size and complexity of the relationship and other variables.

## **(5) Additional Fees and Expenses**

Advisory fees payable to us do not include all the fees clients will pay when we purchase or sell securities for their account(s). The following list of fees or expenses are what client families pay directly to third parties, whether a security is being purchased, sold or held in their account(s) under our management. The fees charged are set by the broker/dealer / custodian.

We do not receive, directly or indirectly any of these fees that may be charged. They are paid to the broker, custodian or the mutual fund or other investment held. The fees include:

1. Brokerage commissions;
2. Transaction fees;
3. Exchange fees;
4. SEC fees;
5. Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs);
6. Advisory fees charged by sub-advisers (if any are used for your account);
7. Custodial Fees;
8. Deferred sales charges (on MFs or annuities);
9. Odd-Lot differentials;
10. Transfer taxes;
11. Wire transfer and electronic fund processing fees;
12. Commissions or mark-ups / mark-downs on security transactions; and
13. Other costs that may be incurred.

In addition, we do not have or employ any "Employee" that receives (directly or indirectly) any

compensation from the sale of securities or investments that are purchased or sold for a client's account or to which we provide consulting expertise / services. As a result, we are a "fee only" investment adviser. Other than our fees set forth above, we do not receive any other compensation from client assets that we manage.

## **(6) Advisor Investment and Consulting Fees**

Each relationship with a peer advisor is unique based on that firm's client's needs and the a la carte complementary service offerings selected by the firm. Fees are a percentage based on the assets under consultative management with the rate and timing for payment determined based on the firm's fee arrangements with its clients. A minimum fee may apply.

## **(7) Termination**

The relationship may be terminated by either party upon 30 days written notice. If fees are paid in arrears, a final fee will be charged which will be prorated according to the number of days for which we provided our investment advisory services during the current quarter. In the event of the termination of our services, any unearned portion of fees previously paid in advance is prorated and fully refundable.

## **Fee Payment Options**

As indicated in our advisory agreement with each client, there are two (2) options client families may select to pay for our services:

(1) **Direct Debiting** (preferred): We will notify the custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee, its calculation, or the assets on which the fee is based. They will "deduct" the fee from the client family's account(s), or if there are more than one account, the fee will be deducted from the account designated to pay our advisory fees. Each month, clients will receive a statement directly from their custodian showing all transactions, positions and credits/debits into or from their account(s), and such statements will reflect these transactions, including the advisory fee paid to us as applicable.

**(2) Pay by Check:** At the inception of the account and each quarter thereafter, we invoice for our services and client families pay us by check or wire transfer within fifteen (15) days of the date of the invoice.

## **Performance-Based Fees and Side-by-Side Management**

Currently, we do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Brokerage Practices**

### **(1) Allocation of Investment Opportunities and Orders**

We have adopted the following policies and procedures related to the fair allocation of investment opportunities. These policies are designed to help ensure that each client receives fair and equitable treatment in the investment process:

1. Investment ideas and/or research analyst recommendations are equally disseminated among all appropriate investment professionals responsible for selecting investments.
2. Transactions in the same security on behalf of more than one client are aggregated to facilitate best execution and to reduce brokerage commissions and/or other costs.
3. When orders cannot be aggregated, we employ a trading rotation process that is fair and objective among client accounts.
4. Aggregated executions to participating accounts are allocated in a fair, equitable and objective manner and permissible reasons are delineated for deviating from the standard methodology and the related approval requirements.
5. IPOs are only allocated to accounts when the issuer meets the investment objectives of participating accounts as well as a review process for allocations.

6. Secondary offerings are allocated using our standard methodologies taking into account situations in which securities are allocated by the issuer based on a client's existing holdings.
7. Conflicting investment opportunities between short selling and long investing are properly addressed.
8. Accounts in which our employees or affiliates have a beneficial interest, or in which Sequent has a conflict of interest, do not receive preferential treatment.

When orders are generated, the decision on which accounts should participate, and in what amount, is based on the type of security or other asset, the present or desired structure of the various portfolios and the nature of the account's goals. Other factors include risk tolerance, tax status, permitted investment techniques and, for fixed-income accounts, the size of the account and settlement and other practical considerations. As a result, we may have different price limits for buying or selling a security in different accounts. Portfolio information systems, portfolio reports and quality control reports permit us to consider these factors as appropriate.

When our investment professionals decide to sell a security regardless of tax considerations, both taxable and tax-exempt accounts are eligible for sale simultaneously. In situations where tax gains influence the sale, securities in the tax-exempt accounts may be placed for sale first, as additional time is needed to consider the tax implications for each taxable account. Conversely, when tax losses influence the sale, Sequent may prioritize taxable clients first, as the loss has a specific impact in a given year. In any event, the prioritization process is applied consistently over time.

## **(2) Broker Analysis**

In an effort to achieve best execution, we consider the following factors in selecting brokers:

1. Execution capability;
2. Order size and market depth;
3. Availability of competing markets;
4. Trading characteristics of the security;
5. Availability of accurate information comparing markets;

6. Quantity and quality of research received from the broker/dealer;
7. Financial responsibility of the broker/dealer;
8. Confidentiality;
9. Responsiveness;
10. Ability and willingness to commit capital;
11. Availability of accurate information comparing markets;
12. The technology to process such data; and
13. Other factors that may bear on the overall evaluation of best price and execution.

Our investment traders are responsible for continuously monitoring and evaluating the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, we periodically review our transaction costs in light of current market circumstances, available published statistical analysis as well as other relevant information.

We use Fidelity as well as other custodians for our clients. These custodians' services include research, brokerage, custody and access to mutual funds and other investments that are otherwise available only to institutional investors. Some of these other products and services assist us in managing and administering clients' accounts.

## **Financial Information**

Registered investment advisers are required in this Item to provide you with certain information or disclosures about our financial condition. We are well capitalized, have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and have not been the subject of a bankruptcy proceeding. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered.

## **Custody**

Our Firm has custody because certain Firm principals act as a trustee on a number of client trusts. We comply with the custody rule that requires the Firm to have an annual unannounced exam completed

by an independent accounting Firm.

## **Code of Ethics, Participation in Client Transactions and Personal Trading**

We have adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

Subject to satisfying this policy and applicable laws, officers, directors and employees of our Firm and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients.

In appropriate circumstances, consistent with clients' investment objectives, we may recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which we or our affiliates and/or clients, directly or indirectly, have a position of interest. Our employees and persons are required to follow our Code of Ethics. You may request a complete copy of our Code of Ethics by contacting us.

We have also adopted policies and procedures to prevent the misuse of "insider" information (material, non-public information). A copy of such policies and procedures is available to any person upon request.



## **Other Financial Industry Activities and Affiliations**

Neither Sequent nor any of its Supervised Persons are affiliated with any other Investment Adviser or Broker/Dealer. Neither Sequent nor any of its Supervised Persons have any relationships or arrangements with other firms in the financial industry that are material to Sequent's advisor business. Clients should be aware, however, of the fact that one of the principals of the Firm entered into an arms-length transaction on December 29, 2011, with a client involving the purchase of their manufacturing business. Because of this transaction, the principal may have an incentive to favor the client that sold him the business. The Firm maintains and enforces strict guidelines requiring it to treat all of its clients equally and fairly.

## **Disciplinary Information**

We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a client / adviser relationship or to continue a client /adviser relationship with us. Neither Sequent nor any of its Management Team or employees have any legal, financial or other disciplinary item(s) to report.

## **Business Continuity Plan**

Sequent has developed a Business Continuity Plan to address how the Firm will respond to events that may disrupt its business. Since the timing and impact of disasters is unpredictable, the Firm will have to be flexible in responding to the events as they occur.

The plan is designed to permit our Firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption. The Business Continuity Plan covers data back-up and recovery, mission critical systems, financial and operational assessments, alternative communications, alternate business locations, bank and counter-party impact, regulatory reporting and the assurance of prompt access to funds and securities for our customers. The Plan further provides for multiple points of access to client and business information, not dependent on one location or storage site. If you have questions about the Firm's Business Continuity Plan, please feel

free to contact us.

## **Privacy Notice to Customers**

We do not disclose nonpublic personal information about our individual clients or former clients except as permitted by law. We restrict access to nonpublic personal information about our clients (that we may obtain from client account and transactions) to those employees who need to know that information to provide products or services to our clients or to alert our clients to new, enhanced or improved services we provide. We maintain physical, electronic and procedural safeguards that comply with federal standards to safeguard our client's non-public personal information.