

Item 1: Cover Page

Part 2A of Form ADV Firm Brochure

March 30, 2023

Sentinus LLC

SEC File No. 801-74818

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This brochure provides information about the qualifications and business practices of Sentinus LLC. If you have any questions about the contents of this brochure, please contact us at info@sentinus.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the Securities and Exchange Commission or any State regulatory authority does not imply a certain level of skill or expertise.

Additional information about Sentinus LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. There are no material changes to report from the brochure dated March 16, 2022.

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Item 4: Advisory Business

A. Sentinus LLC

Sentinus LLC ("Sentinus" and/or "the firm") is an Illinois limited liability company principally owned by Tyler Qualio. Sentinus has been providing investment advisory and financial planning services since June 2012.

B. Advisory Services Offered

Sentinus is an independent investment advisory and financial planning firm offering a variety of financial services to individuals and high-net-worth individuals, corporate executive groups, trusts, corporations, partnerships, pension and profit sharing plans, institutional retirement (both ERISA and non-ERISA) plans, tax exempt, and other legal entities. Advisory services may include financial planning, investment strategy, portfolio management, tax preparation, tax and estate planning, as well as recommendation of separate account managers.

Discretionary Asset Management Services

For its discretionary asset management services, Sentinus receives a limited power of attorney to effect securities transactions on behalf of its clients. Clients may grant Sentinus limited discretionary authority with respect to advisory client assets, including discretion to select third-party managers on behalf of such Sentinus advisory clients. Investment advisory services are provided on either a discretionary or non-discretionary basis, depending on the agreement between the client and Sentinus. Sentinus recommends securities transactions to its clients that include securities and strategies as described in Item 8 of this Brochure.

In preparing the asset allocation, Sentinus will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance. Sentinus's objective is to review the client's tax, financial, and estate planning objectives and goals in connection with the client's investment objectives, goals, tolerance for risk and other personal and financial circumstances, and make appropriate asset allocation recommendations and implementation decisions. Sentinus may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, Sentinus may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio. Sentinus will monitor those portfolios and make additional recommendations from time to time to rebalance and/or reallocate each client's investments.

Sentinus's investment advisory services to clients are based on asset allocation models that, as noted above, take into account a client's personal financial circumstances, investment objectives, and tolerance for risk (e.g., cash-flow, tax, and estate). Sentinus's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to Sentinus in response to a

questionnaire and/or in discussions with the client and reviewed in meetings with Sentinus.

- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending mutual funds, exchange-traded funds, and individual equity and fixed income securities, each matched to the asset categories in the client's targeted asset allocation for consideration by the client.
- Reporting to the client on a quarterly basis or at some other interval agreed to with the client, information on contributions and withdrawals in the client's investment portfolio.
- Proposing changes in the client's targeted asset allocation in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund or manager retained by the client.

In addition to providing Sentinus with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients are required to provide Sentinus with any reasonable investment restrictions that should be imposed on the management of their portfolio and to promptly notify Sentinus of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals, and tolerance for risk. On a quarterly basis, Sentinus's reports to clients will remind clients of their obligation to inform Sentinus of any such changes or any restrictions that should be imposed on the management of their accounts. Sentinus will also contact clients at least annually to determine whether there have been any changes in their personal financial circumstances, investment objectives, and tolerance for risk.

Institutional Investment Consulting

Sentinus also provides investment consulting and investment advisory services to institutional ERISA (see detailed explanatory note under B.4. below) and non-ERISA retirement plans, trusts, foundations, estates, charitable organizations, corporations, or other business entities. Institutional investment management services typically include portfolio design, asset allocation modeling, preparation of investment policy statements, screening and selection of investment managers, and performance monitoring. Depending on the client's unique circumstances, Sentinus may provide discretionary or non-discretionary investment consulting services for institutions.

Financial Planning Services

Clients will receive a written or oral report (depending on the client's preference) providing them with a detailed financial plan designed to help achieve their stated financial goals and objectives. Based on the client's needs, financial planning services may include (but are not limited to) the following:

- Preparation of a recommended asset allocation that serves to diversify the client's portfolio among different categories of investments, such as small, medium and large

capitalization securities; corporate and government fixed income (short-, intermediate- and long-term maturities); emerging market securities (i.e., foreign issuers); and such other asset categories that are suitable in light of the client's investment goals, objectives, and risk tolerance.

- Preparation of an investment policy statement setting forth the investment plan of the client with specific direction in terms of diversification requirements, tax issues, estate planning issues, risk tolerance, retirement, and other identified objectives of the client, including a targeted rate-of-return objective.
- Preparation of a retirement plan that serves to identify whether the client is saving enough and investing in a way that meets retirement objectives in light of the client's financial circumstances and risk tolerance.
- Preparation of cash flow projections to ensure that the client can meet daily living expenses and obligations.
- An insurance plan to meet the needs of the client, taking into account family, business, and other financial objectives of the client.
- Preparation of an estate plan to ensure that wealth transition, tax, and related issues are met in accordance with the client's wishes. In many instances, an outside attorney will need to be hired to handle specific legal issues that arise in the formation and implementation of an estate plan. Sentinus, as a matter of policy, does not provide tax advice.
- A business exit/continuity plan, taking into account the business and personal goals and objectives of the client, client's family, employees, and other affected parties.
- Coordination of all planning into a single cohesive plan.

Sentinus gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

401(k) Portfolio Management Services

Sentinus will provide non-discretionary portfolio management services to 401(k) plan participants. The advice will consist of recommending suitable asset allocation based on the plan participant's tolerance for risk, and investment objectives accounting for the available investment alternatives available to the plan participant. To the extent the client has a self-directed account, Sentinus may recommend a model portfolio of diversified exchange-traded funds. Once the plan participant has engaged Sentinus for this service, Sentinus will provide its recommendations through an automated email notification to the client, advising the client when the portfolio requires rebalancing. As a courtesy, Sentinus will send applicable clients a follow-up reminder within a reasonable period of time after the first email notification to rebalance the portfolio. Any transactions required to effect the recommended rebalancing of the model portfolio will be the sole responsibility of the client. Sentinus has engaged its affiliate, Premise Capital, LLC, to provide advice with respect to recommended model portfolios.

Institutional Retirement Investment Advisory Services

Employees in qualified retirement plans are protected by the Employee Retirement Income Security Act of 1974 (ERISA), which requires employers, investment advisors, and plan administrators to put employees' interests first when managing retirement savings plans. Public retirement systems are governed by similar state laws and often incorporate the protections of ERISA.

In order to demonstrate that a plan fiduciary has operated in a prudent manner, there are certain steps that the fiduciary must take. Sentinus is committed to helping fiduciaries understand their roles and to assist them in implementing a process that allows them to fulfill their duties and responsibilities.

Sentinus offers government retirement systems, sponsors of employee benefit plans (defined contribution and defined benefit) qualified under the Internal Revenue Code ("IRC"), and other retirement plans not qualified under the IRC (including Taft-Hartley organizations and "church" plans), a range of discretionary and non-discretionary services, including the selection of registered investment companies or other pooled investment funds to be offered under the plan.

Sentinus will assist plan fiduciaries in the following:

- Investment Selection and Monitoring
 - Creating an investment policy statement
 - Modeling asset allocations
 - Selecting investment managers
 - Determining QDIA investment alternatives
 - Monitoring the investment options against well-defined risk and return criteria

Sentinus's investment professionals work in partnership with clients to create sound solutions to investment challenges, including:

- Maximizing long-term return while not assuming unnecessary risk
 - Creating an optimal portfolio that includes a diverse array of investment options that span the risk/return spectrum
 - Keeping plan sponsors current on manager performance and the events that may affect performance
- Vendor Search and Selection and Plan Implementation

Sentinus also assists its retirement plan clients in selecting trustees, custodians, accountants, actuaries, record keepers, and other service providers. This process involves:

- Generating criteria to identify appropriate service providers
- Developing or responding to requests for proposals
- Evaluating highly rated service provider candidates

Once a service provider is selected, Sentinus will assist a client in implementing the client's retirement plan program. In implementing the program, Sentinus will, among other things,

review the plan design, develop performance standards, and review the service provider's contract.

Sentinus also provides assistance with strategic employee education and communications in connection with client retirement plan programs.

C. Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be managed on the basis of the client's financial situation and investment objectives, and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

D. Wrap Fee Programs

Sentinus does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

E. Client Assets Under Management

As of December 31, 2022, Sentinus had \$535,858,356 in discretionary assets under management and \$70,087,330 in non-discretionary assets under management.

Item 5: Fees and Compensation

A. Methods of Compensation and Fee Schedule

Asset-Based Fee Schedule

The annual fee for services provided by Sentinus will be charged as a percentage of assets under supervision. The fees will be computed in the following manner and charged quarterly in advance:

Basis point charge X market value of assets X actual number of days/365 days

Sentinus's asset-based fee schedule for accounts is detailed below, although such fee schedule is negotiable.

Tiered Pricing Schedule – Sentinus Managed Assets

<u>Assets Under Supervision</u>	<u>Annual Fee (%)</u>
\$0–\$250,000	1.25%
\$250,001–\$1,000,000	1.15%
\$1,000,001–\$3,000,000	1.05%
\$3,000,001–\$5,000,000	0.95%
\$5,000,001–\$10,000,000	0.85%
Over \$10,000,000	Negotiable

Sentinus generally requires a minimum account value of \$100,000 for accounts it manages on either a discretionary or a non-discretionary basis. Prospective clients may find comparable services at more favorable pricing elsewhere. For accounts utilizing third-party asset managers, Sentinus imposes a minimum account size of \$150,000. In the case of Sentinus-advised assets, Sentinus, in its sole discretion, may waive the required minimum. Similarly situated clients with different investment adviser representatives may have different negotiated fee schedules.

Asset-based fees are always subject to the investment advisory agreement between the client and Sentinus. Such fees are payable quarterly in advance. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter. The client and the client's custodian or broker-dealer will be invoiced at the beginning of each calendar quarter, based upon the market value (market value plus any credit balance or minus any debit balance) of the client's account at the end of the previous quarter, as mutually agreed upon by the client and Sentinus. Adjustments for significant contributions to a client's portfolio are prorated for the quarter in which the change occurs; no adjustments will be made for withdrawals.

A client investment advisory agreement may be canceled by either party by written notice. Upon termination, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Financial Planning Fees - Hourly or Fixed

Sentinus offers either hourly or fixed fee arrangements to all financial planning clients. Generally, the more complex the financial planning engagement the higher likelihood that fixed fees will be negotiated, as it is difficult with respect to complex cases to discern the exact number of hours required to provide services. In such a case a fixed fee would be negotiated. Fixed fees are computed based upon a good faith estimate of hours required to perform services. The applicant attempts to maintain parity with hourly and fixed charges while allowing some flexibility in estimation, taking into account case complexity and client-specific circumstances.

Financial planning fees will be billed at the rate of \$400 per hour, or a fixed fee mutually agreed upon by the client and Sentinus. For hourly or fixed fee arrangements, Sentinus will provide the prospective client with an estimate of the charges prior to finalizing the financial planning agreement. Deliverables, which is defined as the financial planning report required to be delivered pursuant to the terms of the financial planning agreement, shall be completed and presented to the client within 180 days of the date the financial planning agreement is signed by the client, subject to the client providing the required personal and financial information necessary for Sentinus to produce the deliverables.

Invoices will be mailed out on a periodic basis as reflected in 5 B.2 below. Clients seeking to terminate this service must do so in writing. A financial planning agreement may be terminated by either party for any reason upon receipt of written notice.

401(k) Portfolio Management Services Fees

Sentinus's asset based fees for non-discretionary portfolio management services to 401(k) plans and plan participants will be 1.25% and are negotiable. Sentinus has engaged its affiliate, Premise Capital, LLC, to provide advice with respect to model portfolios and will be paid a fee for such advice. Such fee will be paid from Sentinus's fee of 1.25% and will not be an additional fee.

Institutional Investment and Retirement Plan Advisory Fees

Sentinus's fees for its institutional investment consulting services to retirement plan sponsors, corporate trusts, endowments, etc., may be paid by the plan or trust or by the plan sponsor, and may be a flat fee or a fee that is a percentage of the assets in the plan or a combination of flat fee and percentage of assets.

Non-Discretionary Asset-Based Fee Alternative

Fees for institutional asset management are generally calculated based on a percentage of client assets under advisement and are calculated quarterly. The asset-based fee ranges from 0.10% to 1.00% of assets under advisement and is negotiable.

<u>Assets Under Advisement</u>	<u>Annual Fee Rate</u>
Under \$1,000,000	Up to 1.00%
\$1,000,001–\$5,000,000	Up to 0.80%
\$5,000,001–\$10,000,000	Up to 0.60%

\$10,000,001–\$50,000,000	Up to 0.40%
\$50,000,001–\$150,000,000	Up to 0.20%
\$150,000,001–\$500,000,000	Up to 0.15%
Over \$500,000,000	Up to 0.10%

Sentinus generally requires a minimum annual fee of \$10,000. This equates to a minimum account size of \$1,000,000. As such, clients with plan balances of less than \$1,000,000 may be charged a plan set-up fee in year 1 to account for the upfront work to establish, set up, and implement a new plan. Sentinus may waive the required minimum account values in special circumstances and reserves the right to make exceptions to such minimum account values at its sole discretion.

Fees may be paid monthly, quarterly, semiannually, or annually (but typically quarterly or monthly) in advance or arrears, as negotiated by Sentinus and the client. Fees that are a percentage of the plan's assets are based on the value of the aggregate assets as of the end of the preceding period for which the fee is being calculated.

An agreement for institutional investment consulting services may be terminated upon 30 days' notice to Sentinus. Any unearned, prepaid fees for the quarter will be promptly refunded, and any earned, unpaid fees will be due and payable.

B. Client Payment of Fees

Asset-Based Fees

Sentinus will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

If the client's account is managed by a separate account manager, such manager will generally require that any fees be paid on a quarterly basis, in advance, directly from the client's account with the custodian of the portfolio assets.

For its 401(k) Portfolio Management Services, Sentinus will either invoice the record keeper or the plan sponsor, as directed by the plan sponsor. Under no circumstances will clients be billed \$1200 or more, six months or more in advance.

For its institutional investment and retirement plan advisory accounts, Sentinus will bill in accordance with the instructions of the institution.

Financial Planning Fees

Invoices will be mailed out upon the client and Sentinus signing a financial planning contract. Unless otherwise arranged, all financial planning engagement fees are due in advance. Clients seeking to terminate this service must do so in writing.

In addition, clients may engage Sentinus for ongoing financial planning consulting on an annual retainer, billed quarterly in advance. Such fees will be based upon a good faith estimate of the charges necessary to fulfill Sentinus's obligations, given the unique personal and financial considerations relevant to the client. Clients seeking to terminate this service must do so in writing.

C. Additional Client Fees Charged

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by Advisor Op (See Item 10.C.5 for additional disclosure re Advisor Op), exchange-traded funds, mutual funds, separate account managers, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, and by any broker-dealer or custodian retained by the client. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Sentinus may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian. Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

Please note that for client accounts the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts ("transaction-based fees"). For some accounts, the client may be offered the choice of asset-based pricing, where the custodian charges a percentage of the dollar amount of assets in the account in lieu of transaction-based fees. If asset-based pricing is selected and very little trading is done for the account, more fees could be paid by the client to the custodian than would have been charged under transaction-based pricing. Factors the client should consider before selection asset-based pricing instead of transaction-based pricing include the amount of trading expected in the portfolio, the size of the portfolio, and the transaction fees and asset-based fees charged by the custodian.

D. Prepayment of Client Fees

Asset-Based Fees

Sentinus requires the prepayment of fees for all of its investment advisory and planning services, subject to the terms of the investment advisory agreement. Upon termination of any account, any unearned, prepaid fees will be promptly refunded.

The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

For its 401(k) Portfolio Management Services, clients will be billed monthly or quarterly, in advance or arrears, as negotiated by Sentinus and the client.

For its institutional investment and retirement plan advisory accounts, fees may be paid monthly, quarterly, semiannually, or annually (but typically quarterly or monthly) in advance or arrears, as negotiated by Sentinus and the institution.

A client investment advisory agreement may be canceled by either party by written notice. Upon termination, any earned, unpaid fees will be due and payable, and any unearned, prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Financial Planning Fees

Sentinus does require prepayment of financial planning fees. Financial planning fees are billed in advance based upon the scope of the engagement. Deliverables, which is defined as the financial planning report required to be delivered pursuant to the terms of the financial planning agreement, shall be completed and presented to the client within 180 days of the date the financial planning agreement is signed by the client, subject to the client providing the required personal and financial information necessary for Sentinus to produce the deliverables. Invoices will be mailed out upon the client and Sentinus signing a financial planning contract. Unless otherwise arranged, all financial planning engagement fees are due in advance. Clients seeking to terminate this service must do so in writing.

In addition, clients may engage Sentinus for ongoing financial planning consulting on an annual retainer, billed quarterly in advance. Such fees will be based upon a good faith estimate of the charges necessary to fulfill Sentinus's obligations given the unique personal and financial considerations relevant to the client. Clients seeking to terminate this service must do so in writing. If clients terminate the agreement during the month, Sentinus shall promptly refund all prepaid, unearned fees to the client.

A financial planning agreement may be terminated by either party for any reason upon receipt of written notice within 5 days of the effective date of the contract. Upon termination of any account, any earned, unpaid fees will be due and payable.

E. External Compensation for the Sale of Securities to Clients

Sentinus's advisory professionals are compensated primarily through a salary and bonus structure. Sentinus's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Sentinus's advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Please see Item 10.C. for detailed information and conflicts of interest.

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

Sentinus does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

Item 7: Types of Clients

Sentinus offers its investment services to various types of clients, including individuals and high-net-worth individuals, corporate executive groups, trusts, corporations, partnerships, retirement plans, tax exempt, and other legal entities. Although Sentinus provides investment services to the various types of clients mentioned, the services are conditioned upon meeting certain minimum criteria established by Sentinus for each of the investment programs it offers.

For retail client accounts, Sentinus generally requires a minimum account value of \$100,000 for accounts it manages on a discretionary basis. Prospective clients may find comparable services at more favorable pricing elsewhere. For accounts utilizing third-party asset managers, Sentinus imposes a minimum account size of \$150,000. In the case of Sentinus supervised assets, Sentinus, in its sole discretion, may waive the required minimum.

For institutional client accounts, Sentinus generally requires a minimum annual fee of \$10,000. This equates to a minimum account size of \$1,000,000. As such, clients with plan balances of less than \$1,000,000 may be charged a plan set-up fee in year 1 to account for the upfront work to establish, set up, and implement a new plan. Sentinus may waive the required minimum account values in special circumstances and reserves the right to make exceptions to such minimum account values at its sole discretion.

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

A. Methods of Analysis and Investment Strategies

Sentinus uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Sentinus and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to attempt the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Sentinus reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Sentinus may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

Mutual Funds, Exchange-Traded Funds, Separate Account Managers, Individual Equity and Fixed Income Securities, and Pooled Investment Vehicles

Sentinus may recommend (i) separate account managers to manage client assets; (ii) mutual funds and individual securities (including fixed income instruments); and (iii) pooled investment vehicles. Such investments may represent certain asset class styles, such as large-cap, mid-cap and small-cap value, growth and core; international and emerging markets; and alternative investments. Sentinus may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client's portfolio. Such managers typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that Sentinus will take into account when recommending managers to clients.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, exchange-traded funds, individual securities (including fixed-income securities), managers, and pooled investment vehicles is set forth below.

Sentinus has formed relationships with third-party vendors that provide a technological platform for separate account management and perform due diligence monitoring of mutual funds and managers that perform billing and certain other administrative tasks. Sentinus may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, managers, and pooled investment vehicles to clients as appropriate under the circumstances.

Sentinus reviews certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include:

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor, or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager, a mutual fund or manager's consistency of investment style, and employee turnover, efficiency, and capacity. Sentinus will discuss relevant quantitative and qualitative factors pertaining to its recommendations with clients prior to their determination to retain a mutual fund or manager.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by Sentinus on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by Sentinus (both of which are negative factors in implementing an asset allocation structure). Based on its review, Sentinus will make recommendations to clients regarding the retention or discharge of a mutual fund or manager.

Sentinus may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the mutual funds or managers utilized. Sentinus will endeavor to obtain

equal treatment for its clients with mutual funds or managers but cannot assure equal treatment.

Sentinus will regularly review the activities of mutual funds and managers utilized for the client. Clients that engage managers or invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees, and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

Material Risks of Investment Instruments

Sentinus typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Private placements
- Pooled investment vehicles
- Structured products
- Exchange-traded notes
- Option contracts on securities
- Government and agency mortgage-backed securities
- Corporate debt obligations
- Mortgage-backed securities
- Collateralized obligations

Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

Warrants and Rights

Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

Exchange-Traded Funds ("ETFs")

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs[®], streetTRACKS[®], DIAMONDSSM, NASDAQ 100 Index Tracking StockSM ("QQQsSM"), iShares[®] and VIPERs[®]. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

Corporate Debt, Commercial Paper, and Certificates of Deposit

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

Municipal Securities

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

U.S. Government Securities

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

Private Placements

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

Pooled Investment Vehicles

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and

subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, the firm will be unable to monitor or verify the accuracy of such performance information.

Structured Products

Structured notes are fixed income securities that are issued by financial institutions with returns that are linked to or based on, among other things, equity indices, a single equity security, a basket of equity securities, interest rates, commodities, debt securities, exchange traded funds, and/or foreign currencies (a "Structured Note"). The security, asset, or index on which a Structured Note is based is often called the "Reference Instrument." Structured Notes have a fixed maturity date and include two components – a bond component and an embedded derivative. While some Structured Notes offer substantial protection of invested principal, others offer limited or no principal protection.

The embedded derivatives within Structured Notes adjust the note's risk/return profile by including additional modifying structures that can increase potential returns. The return performance of a Structured Note typically tracks the return profile of the underlying debt obligation and the derivative that is embedded within it. Instead of simply paying straight fixed or floating interest, Structured Notes can offer interest payments that are tailored to specific indices and/or rates. The derivative securities that are embedded in the Structured Note can also positively or negatively affect the redemption value and final maturity of the security.

Depending on complexity, risk profile, and numerous other factors, Structured Notes often pay interest or coupon rates that are above the prevailing market rate. Many Structured Notes cap or limit the amount of upside participation in the Reference Instrument or underlying asset, particularly in cases where the Structured Note offers principal protection or pays interest that is above-market. Structured Notes are typically issued by investment banks or their affiliates, and feature a fixed maturity date.

Structured Notes are not suitable for everyone. All investors assume full credit risk of the security's issuer and/or guarantor. This means that the investor may lose all the monies invested, including all initial amounts invested as principal protection may not apply, if the issuer and/or the guarantor become insolvent or fail in any way.

Each Structured Note involves varying degrees of risk and unique suitability issues that investors must consider before investing in such securities. Structured Notes involve important legal and tax consequences and investment risks, which each investor should discuss with qualified financial, accounting, and tax advisors regarding the suitability of the specific Structured Note in light of each investor's particular circumstances.

Understanding the Risk Factors. Before investing in any Structured Note security, it is important that you read the pricing supplement, accompanying prospectus, and prospectus supplements to ensure that you understand the risks associated with the specific Structured Note that you are purchasing.

Payment terms vary significantly for each Structured Note depending on the structure and component of the specific security. While some Structured Notes may pay interest prior to liquidation, others may include payments only upon maturity. Additionally, rates of return vary based on many factors, including the performance of the underlying securities, assets, indices, and/or commodities.

Unless a Structured Note is specifically stated to be 100% principal protected or FDIC insured, some or all of your invested principal may be at risk. The return of your principal is guaranteed only to the extent specified in the specific offering terms for the Structured Note security you are purchasing, and is specifically subject to the credit and creditworthiness of the issuer and the underwriter. If there is a negative return on the underlying security or Reference Instrument, then you may receive an amount that is less than your invested principal at maturity and you could lose up to the percentage indicated in your initial investment terms. In some cases, you may end up owning the underlying security at a price that is lower than the original purchase price.

As discussed in the risk factor explanation below, you are also advised that, in cases where the return on the underlying securities is positive, payment may be limited if the structure includes a cap on the percentage return for the underlying security or depending on how the percentage increase for the underlying security is calculated as of the determination date. You are also advised that it may be difficult to sell or liquidate the Structured Note or underlying security as there may be little or no secondary market for such securities, and independent market pricing may be limited or unavailable and market values may vary based on a variety of factors affecting the underlying securities or assets. Such factors may include, among other things: time to maturity; appreciation or depreciation of underlying securities; market volatility; interest rate fluctuations; and myriad other events that may positively or negatively affect the value of underlying securities, indices, or assets.

Issuance price and note value. The price you will pay for a Structured Note at the time of issuance will often be higher than the fair market value of the Structured Note on the date of issuance. The cover page of the offering prospectus discloses the issuer's estimated value of the Structured Note in order to enable you to note the difference between the issuance price and the issuer's estimated value of the note. The issuance price of the note is typically higher than the estimated market value of the note because issuers include in the initial price the costs for selling, structuring, and/or hedging their exposure on the note. Additionally, Structured Notes often may not be resold on a daily basis, which makes it difficult to value them, particularly given their complexity as compared to other financial products.

Liquidity. With the exception of Exchange Traded Notes ("ETNs"), Structured Notes are typically not listed on any national securities exchange and can be difficult to sell, trade, or liquidate, especially in any large quantity or within any limited period of time. Although some Structured Notes are listed on national securities exchanges, such securities are often thinly

traded and difficult to sell, trade, or liquidate. As a result, the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the note may be the only potential buyers for your Structured Note, and many issuers often specifically disclaim their intention to repurchase or make markets in the notes that they issue. If you choose to invest in a Structured Note, you must be prepared to hold the note until it reaches the maturity date, or bear the risk of selling the note at a discount to its value at the time of sale.

Payoff structure. Structured Notes often have complicated payoff structures that make it difficult to accurately assess their value, risk, and growth potential over the term of the note. It can be complex to determine each note's performance, as the payoff structures and features vary considerably among different notes. For example, payoff structures may be leveraged, inverse, or inverse-leveraged, which can result in larger returns or losses for the investor. You should review the prospectus and pricing supplements carefully for each Structured Note to ensure that you thoroughly understand how the payoff on each note will be calculated. For example, the payoff on Structured Notes can depend on:

Participation rates. Many Structured Notes provide a minimum payoff of the invested principal plus an additional payoff amount to the investor. This is calculated by multiplying the increase in the Reference Instrument by a fixed percentage, which is often called the "participation rate." The participation rate determines how much of the increase in the Reference Instrument will be paid to you a purchaser of the Structured Note.

Capped maximum returns. Some Structured Notes provide payments that are linked to a Reference Instrument with a leveraged or enhanced participation rate, but the payoff amount is capped at a pre-set maximum payoff amount. This means that the investor does not participate in any increase in the Reference Instrument above the maximum payoff level.

Knock-in feature. Structured Notes often include a pre-specified threshold for the Reference Instrument that is called a knock-in feature (also known as a barrier or trigger) that affects the payout return on the note. If the Reference Instrument falls below a pre-specified level during the term of the note, you could lose some or all of your principal investment at maturity. You could also lose the coupon payments scheduled throughout the term of the note.

Credit Rating. While many Structured Notes, Reference Instruments, and underlying securities may be assigned a credit rating from a national rating organization, many Structured Notes and underlying securities have no credit rating. To the extent that a particular credit rating may pertain to the creditworthiness of the issuer, it is not necessarily indicative of the risk associated with a specific Structured Note or Reference Instrument, index, or asset. The presentation of a credit rating in relation to any Structured Note or underlying security may not indicate or reflect the safety of the principal invested or the potential investment returns associated with the investment. Such credit ratings may not affect or enhance the likely performance of the Structured Note investment.

Tax. The Structured Note investment may be treated as a "contingent payment debt instrument" for U.S. federal income tax purposes. Consequently, even in cases where any accrued interest is not payable until maturity, investors may be required to accrue such interest as ordinary income based on the "comparable yield" of the underlying securities as

determined by the underwriter. Sentinus strongly recommends that you consult your tax advisor regarding such tax treatment and implications prior to purchasing any Structured Note security.

Exchange-Traded Notes ("ETNs")

ETNs are structured debt securities. ETN liabilities are unsecured general obligations of the issuer. Most ETNs are designed to track a particular market segment or index. ETNs have expenses associated with their operation. When a fund invests in an ETN, in addition to directly bearing expenses associated with its own operations, it will bear its pro rata portion of the ETN's expenses. The risks of owning an ETN generally reflect the risks of owning the underlying securities the ETN is designed to track, although lack of liquidity in an ETN could result in it being more volatile than the underlying portfolio of securities. In addition, because of ETN expenses, compared to owning the underlying securities directly it may be more costly to own an ETN. The value of an ETN security should also be expected to fluctuate with the credit rating of the issuer.

Options on Securities

A call option is a contract under which the purchaser of the call option, in return for a premium paid, has the right to buy the security (or index) underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation upon exercise of the option to deliver the underlying security against payment of the exercise price. A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security (or a cash amount equal to the value of the index) at the exercise price. The amount of a premium received or paid for an option is based upon certain factors, including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period and interest rates.

Government and Agency Mortgage-Backed Securities

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, a wholly owned U.S. government corporation within the Department of Housing and Urban Development ("HUD"), creates pass-through securities from pools of government-guaranteed (Farmers' Home Administration, Federal Housing Authority or Veterans Administration) mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government.

FNMA, which is a U.S. government-sponsored corporation owned entirely by private stockholders that is subject to regulation by the secretary of HUD, and FHLMC, a corporate instrumentality of the U.S. government, issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHMLC guarantees timely

payment of interest and ultimate collection of principal of its pass-through securities. Mortgage-backed securities from FNMA and FHLMC are *not* backed by the full faith and credit of the U.S. government.

Corporate Debt Obligations

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, Sentinus may invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

Mortgage-Backed Securities

Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders.

Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, Sentinus may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages and other types. Mortgage poolers apply qualification standards to lending institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies.

Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through securities, which means that investors receive payments consisting of a pro rata share of both principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

Collateralized Obligations

Collateralized mortgage obligations ("CMOs") are collateralized by mortgage-backed securities issued by GNMA, FHLMC or FNMA ("mortgage assets"). CMOs are multiple-class debt obligations. Payments of principal and interest on the mortgage assets are passed through to the holders of the CMOs as they are received, although certain classes (often referred to as "tranches") of CMOs have priority over other classes with respect to the receipt of mortgage prepayments. Each tranche is issued at a specific or floating coupon rate and has a stated maturity or final distribution date. Interest is paid or accrues in all tranches on a monthly, quarterly or semi-annual basis. Payments of principal and interest on mortgage assets are commonly applied to the tranches in the order of their respective maturities or final distribution dates, so that generally no payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full.

Collateralized debt obligations ("CDOs") include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust that is backed by a diversified pool of high-risk, below-investment-grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

B. Investment Strategy and Method of Analysis Material Risks

Leverage

Although Sentinus, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Sentinus will utilize leverage. In this regard please review the following:

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So, if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

Short-Term Trading

Although Sentinus, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

Option Strategies

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Sentinus as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading
- Short call option strategy
- Short put option strategy
- Equity collars
- Long straddles

Covered Call Writing

Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

Long Call Option Purchases

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

Long Put Option Purchases

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

Option Spreading

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder “locks in” a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

Short Call Option Strategy

Short call option strategy is highly speculative and has theoretical potential for unlimited loss. The seller (writer) of the call option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain below the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security increase above the contract strike price, then the option writer can either purchase the call option at a loss, or through a process of exercise and assignment be forced to sell the stock at the contract strike price. If this happens, the option writer will have to go in the open market and buy an equivalent amount of stock to cover the sale at prices that can be materially higher than the amount received from the sale.

Short Put Option Strategy

Short put option strategy is highly speculative and has theoretical potential for significant loss. The seller (writer) of the put option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain above the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security decrease below the contract strike price, the option writer can either purchase the put option at a loss,

or through a process of exercise and assignment be forced to buy the stock at the contract strike price. If this happens, the option writer will be purchasing the underlying security at a price potentially well above its then-current market value, exposing the investor to potential loss.

Equity Collar

A collar combines both a cap and a floor. A cap gives the purchaser of the cap the right (for a premium payment), but not the obligation, to receive the difference in the cost on some amount when a specified index rises above the specified "cap rate." A floor is the opposite of a cap—it gives the purchaser of the floor the right (for a premium payment), but not the obligation, to receive the difference in interest payable on an amount when a specified index falls below the specified "floor rate." A collar involving stock is called an "equity collar." In a collar transaction, the buyer of the collar purchases a cap while selling a floor indexed to the same rate or asset. A zero-cost collar results when the premium earned by selling a floor exactly offsets the cap premium.

Long Straddle

A long straddle is the purchase of a long call and a long put with the same underlying security, expiration date and strike price. This is a speculative trade that may be profitable when volatility is high and will result in a loss when prices of the underlying security are relatively stable.

C. Concentration Risk

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in a specific investment style, security, industry or industry sector, geographic location, investment manager, type of investment instrument (equities versus fixed income). Clients, who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

Item 9: Disciplinary Information

There are no current or pending disclosure items to report on behalf of Sentinus Advisors.

A. Criminal or Civil Actions

There is nothing to report for this item.

B. Administrative Enforcement Proceedings

There is nothing to report for this item.

C. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report for this item.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer or Representative Registration

Sentinus is not registered as a broker-dealer, but its related person, Halo Securities, LLC is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and the Financial Regulatory Authority, Inc. ("FINRA"). Certain Sentinus professionals are registered with Halo Securities. As a result, such professionals are subject to the oversight of Halo Securities and the Financial Industry Regulatory Authority, Inc. ("FINRA"). As such, clients of Sentinus should understand that their personal and account information is available to FINRA and Halo Securities personnel in the fulfillment of their oversight obligations and duties.

Sentinus professionals who effect transactions for advisory clients may receive transaction or commission compensation from Halo Securities. The recommendation of securities transactions for commission creates a conflict of interest in that Sentinus is economically incented to effect securities transactions for clients. Although Sentinus strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Sentinus rather than in the client's best interest. Sentinus advisory clients are not compelled to effect securities transactions through Halo Securities.

B. Futures or Commodity Registration

Neither Sentinus nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and do not have an application to register pending.

C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Premise Capital, LLC

Premise Capital, LLC, an SEC registered investment adviser, is an affiliate of Sentinus LLC, Sentinus Holdings, and Reynolds Financial Group that acts as a sub-adviser and model portfolio provider to third-party investment adviser firms. Prospective clients are advised that Sentinus has an economic interest in recommending to its wealth management clients the sub-advised services of Premise Capital. In addition, please be advised that Sentinus and its affiliates and related persons may earn additional indirect compensation from its wealth management clients who utilize Premise Capital or the Advisor Op platform as described in Item 10.C.5. below. The receipt of compensation by Premise Capital, LLC as a sub-adviser and Sentinus's collection of asset-based fees from its wealth management clients whose portfolio assets may include the affiliate manager constitute a conflict of interest. In addition, clients utilizing the Advisor Op platform, which involves indirect compensation to Sentinus, its affiliates, and related persons, constitutes a conflict of interest. Sentinus clients may utilize the investment of their choice and are not obligated to utilize the Sentinus affiliate manager or the affiliate Advisor Op platform.

Broker-Dealer Activities

Please see Item 10.A. above.

Sentinus Insurance Services

Sentinus Insurance Services ("SIS") is an affiliate that is utilized for the sales of insurance products. Certain managers, members, and registered employees of Sentinus are agents for certain insurance carriers. With respect to the provision of financial planning services, Sentinus professionals may recommend insurance products offered by such carriers for whom they function as agents and receive a commission for doing so. These insurance sales are placed through SIS. Clients are advised that there is a conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Clients are also advised that Sentinus professionals strive to put their clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients are not required to utilize SIS for insurance products and may utilize any insurance carrier or insurance agency they desire.

MM Money Managers Insurance Services

MM Money Managers Insurance Services ("M³IS") is an affiliate that is utilized for the sales of insurance products. Certain managers, members, and registered employees of Sentinus are agents for certain insurance carriers. With respect to the provision of financial planning services, Sentinus professionals may recommend insurance products offered by such carriers for whom they function as agents and receive a commission for doing so. These insurance sales are placed through M³IS. Clients are advised that there is a conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Clients are also advised that Sentinus professionals strive to put their clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients are not required to utilize M³IS for insurance products and may utilize any insurance carrier or insurance agency they desire.

Advisor Op

Sentinus has formed a strategic relationship with Advisor Op ("AOP"), a Premise Capital and Sentinus affiliate that provides a platform that can act as an enterprise system for financial advisors by seamlessly integrating the many vendors required to operate. AOP uses an application program interface to common vendors: CRM Aggregator, Custodian, Portfolio Accounting, Billing, Risk Analyzer, and related functionality to provide a single point of contact with customized reporting across all systems.

AOP's platform assists investment advisors with various operations functions such as billing, trading, rebalancing, risk analysis, performance reporting, and a platform for the use of third-party managers. Advisor Op is owned by Jason Rolence, George Logemann, Sentinus Holdings, and Reynolds Financial Group and is controlled by Jason Rolence a principal of Premise Capital Management, an affiliate of Sentinus LLC and George Logemann. See conflict of interest disclosure in Item 10.C.1. above. In addition to its back-office support services, AOP will make

available through this platform various third-party managers, one of which will be Premise Capital, LLC, to manage subscriber firms' advisory clients' portfolio assets. AOP does not act as an investment adviser. Rather, it provides solely back office software to assist advisers with various operations, trading and reporting functions and provides a technological interface for third party managers. All investment advice and client facing obligations are the responsibility of the platform subscriber. AOP fees are in addition to any Sentinus and third-party manager fees and represent an additional cost to the Sentinus client.

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

A. Code of Ethics Description

In accordance with the Advisers Act, Sentinus has adopted policies and procedures designed to detect and prevent insider trading. In addition, Sentinus has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Sentinus's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of Sentinus. Sentinus will send clients a copy of its Code of Ethics upon written request.

Sentinus has policies and procedures in place to ensure that the interests of its clients are given preference over those of Sentinus, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Sentinus does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Sentinus does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Sentinus, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Sentinus specifically prohibits. Sentinus has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and

- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Sentinus's procedures when purchasing or selling the same securities purchased or sold for the client.

D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Sentinus, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Sentinus clients. Sentinus will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of Sentinus to place clients' interests above those of Sentinus and its employees.

Item 12: Brokerage Practices

A. Factors Used to Select Broker-Dealers for Client Transactions

Custodian Recommendations

Sentinus does not maintain custody of client assets that we manage, although we may be deemed to have custody of your assets if the client gives us authority to withdraw assets from the client's account (see Item 15: Custody, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Pershing LLC, Charles Schwab & Co., Inc., or SEI (hereinafter collectively referred to as "custodian"), FINRA-registered broker-dealers, members SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with the custodian. The custodian will hold client assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that clients use one of the above-named custodians, the client will decide whether to do so and will open their account with the custodian by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14: Client Referrals and Other Compensation. Clients should consider these conflicts of interest when selecting their custodian.

We do not open the account for the client, although we may assist in doing so. Even though your account is maintained at the custodian, and we anticipate that most trades will be executed through the custodian, we can still use other brokers to execute trades for the client's account as described below (see "Your Brokerage and Custody Costs").

Soft Dollar Arrangements

Sentinus does not utilize soft dollar arrangements. Sentinus does not direct brokerage transactions to executing brokers for research and brokerage services.

How We Select Brokers/Custodians

We recommend the above-mentioned custodians to hold client assets and execute transactions. When considering whether the terms that the custodian provides are, overall, most advantageous to the client when compared with other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools that assist us in making investment decisions

- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Services delivered or paid for by the custodian
- Availability of other products and services that benefit us, as discussed below (see "Products and Services Available to Us from Custodian")

Your Brokerage and Custody Costs

For our clients' accounts that the custodian maintains, the custodian generally does not charge the client separately for custody services but is compensated by charging the client either transaction fees or custodian asset-based fees on trades that it executes or that settle into the client's custodial account. Certain trades (for example, mutual funds and ETFs) do not incur custodian commissions or transaction fees. The custodian may also be compensated by earning interest on the uninvested cash in client accounts. The custodian's commission rates and asset-based fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates you pay are lower than would be otherwise. In addition to commissions or asset-based fees, the custodian charges clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into clients' custodial accounts. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. Because of this, in order to minimize client trading costs, we have the custodian execute most trades for client accounts.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through the custodian, we have determined that having the custodian execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer, clients may pay lower transaction costs.

Products and Services Available to Us from the Custodian

The custodian provides us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to the custodian's retail customers. However, certain retail investors may be able to get institutional brokerage services from the custodian without going through us. The custodian also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business.

Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of the custodian's support services:

Services that benefit you. The custodian's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through the custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The custodian's services described in this paragraph generally benefit our clients and their accounts.

Services that do not directly benefit you. The custodian also makes available to us other products and services that benefit us but do not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both the custodian's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the custodian. In addition to investment research, the custodian may also make available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us. The custodian also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and compliance related needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

The custodian may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. The custodian also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. The custodian may also pay for business consulting and professional services received by Sentinus's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for Sentinus personnel to attend conferences). If you did not maintain your account with Schwab, we would be required to pay for those services from our own resources.

Our Interest in the Custodian's Services

The availability of these services from the custodian benefits us because we do not have to produce or purchase them. We don't have to pay for the custodian's services. The custodian has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf once the value of our clients' assets in accounts at the custodian reaches certain thresholds. The fact that we receive these benefits from the custodian is an incentive for us to recommend the use of the custodian rather than making such a decision based exclusively on our clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of the custodian as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of the custodian's services (see "How we select brokers/custodians") and not the custodian's services that benefit only us.

Brokerage for Client Referrals

Sentinus does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Directed Brokerage**Sentinus Recommendations**

Sentinus typically recommends Pershing, Schwab, or SEI as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

Client-Directed Brokerage

Occasionally, clients may direct Sentinus to use a particular broker-dealer to execute portfolio transactions for their accounts or request that certain types of securities not be purchased for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Sentinus derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Sentinus loses the ability to aggregate trades with other Sentinus advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

B. Aggregating Securities Transactions for Client Accounts**Best Execution**

Sentinus, pursuant to the terms of its investment advisory agreement with clients, may have discretionary authority to determine which securities are to be bought and sold and the amount of such securities. Sentinus recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Sentinus will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing

circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation, and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance, and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Sentinus seeks to ensure that clients receive best execution with respect to the clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Sentinus's knowledge, these custodians provide high-quality execution, and Sentinus's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Sentinus believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

Security Allocation

Since Sentinus may be managing accounts with similar investment objectives, the firm may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Sentinus in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Sentinus's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Sentinus will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Sentinus's advice to certain clients and entities and the actions of Sentinus for those and other clients are frequently premised not only on the merits of a particular investment but also on the

suitability of that investment for the particular client in light of his or her applicable investment objectives, guidelines, and circumstances. Thus, any action of Sentinus with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice or actions of Sentinus to or on behalf of other clients.

Order Aggregation

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Sentinus believes that a larger size block trade would lead to best overall price for the security being transacted.

Allocation of Trades

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Sentinus acts in accordance with its duty to seek best price and execution and will not continue any arrangements if it determines that such arrangements are no longer in the best interests of its clients.

Item 13: Review of Accounts

A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

The review of accounts of high-net-worth and affluent clients, including corporations, partnerships and trusts, are conducted in the first instance by the investment adviser representative servicing the client relationship on at least an annual basis. Such professionals are subject to the general authority of Sentinus's Managing Member. The Managing Member or his designee(s) must review and approve the opening of each new advisory relationship and oversee reviews of client accounts. The Managing Member or his designee(s) is also responsible for ensuring that any significant change in a client's investment strategy or in the concentration of a client's assets is appropriate for and has been reviewed with the client.

B. Review of Client Accounts on Non-Periodic Basis

Sentinus investment adviser representatives may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Sentinus formulates investment advice.

C. Content of Client-Provided Reports and Frequency

Sentinus reports to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).

For investment advisory clients, the client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Sentinus.

Financial planning clients receive written reports pursuant to the terms of their financial planning agreement.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

Economic Benefits Received from Custodians

We receive an economic benefit from the custodian in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at the custodian. In addition, the custodian has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at the custodian reaches a certain size. Clients do not pay more for assets maintained at the custodian as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. Clients should consider these conflicts of interest when selecting a custodian. The products and services provided by the custodian, how they benefit us, and the related conflicts of interest are described above (see Item 12: Brokerage Practices).

Referral Fees for Recommending Investment Managers

Sentinus may refer clients to certain investment management firms in return for an ongoing portion of the advisory fee received by such investment manager. All such arrangements are in compliance with Investment Advisers Act rule 206(4)-3. Generally, these requirements require the solicitor, Sentinus, to have a written agreement with the investment management firm. Sentinus must provide the client with a disclosure document describing the fees it receives from the investment management firm, whether those fees represent an increase in fees that the investment management firm would otherwise charge the client, and whether an affiliation exists between Sentinus and the investment management firm.

B. Advisory Firm Payments for Client Referrals

Sentinus does not pay for client referrals.

Item 15: Custody

Sentinus is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
 1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
 2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
 3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
 4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
 5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
 6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
 7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account. Private fund investors will receive fund level statements of all activity, cash balances, and portfolio holdings on a quarterly basis from their qualified custodian.

Item 16: Investment Discretion

Clients may grant a limited power of attorney to Sentinus with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In such cases, Sentinus will exercise full discretion as to the nature and type of securities to be purchased and sold and the amount of securities for such transactions, and in certain instances have discretionary authority to select separate account managers for its clients. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

Item 17: Voting Client Securities

Sentinus does not take discretion with respect to voting proxies on behalf of its clients. Sentinus will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Sentinus supervised and/or managed assets. In no event will Sentinus take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Sentinus will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Sentinus has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Sentinus also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Sentinus has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Sentinus receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 18: Financial Information

A. Balance Sheet

Sentinus does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

Sentinus does not have any financial issues that would impair its ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

There is nothing to report for this item.