



Sanctuary Advisors, LLC

Form ADV 2A: Wrap Fee Program Brochure

04/2023

This brochure provides information about the qualifications and business practices of Sanctuary Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at compliance@sanctuarywealth.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 does not imply a certain level of skill or training. Additional information about Sanctuary Advisors, LLC is also available on the SEC's website at <https://adviserinfo.sec.gov/firm/summary/226606>.

Item 2: Material changes

This Wrap Fee Program Brochure (the “Brochure”) is Sanctuary Advisors, LLC’s disclosure document prepared according to regulatory requirements and rules. Consistent with those rules, Sanctuary Advisors will provide a summary of any material changes to this and subsequent Brochures within one hundred twenty (120) days of the close of its fiscal year. Furthermore, Sanctuary Advisors will provide other interim disclosures regarding material changes, as necessary. Material changes that have been made to this Brochure since its annual amendment dated July 2022 are described below:

1. Item 4.A: DESCRIPTION OF ADVISORY SERVICES OFFERED—This Item was amended to better describe the specific programs that Sanctuary Advisors makes available. A clarification on our fiduciary standard is also provided.
2. Item 4.A.1: FEES—This Item was amended by adding a chart at the end of Item 5 to more clearly delineate the programs available along with their respective features.
3. Item 9 – OTHER INFORMATION – Other Financial Industry Activity and Affiliations and Conflicts of Interest- This Item was updated to include Two West Capital Advisors, LLC as a new financial industry affiliation which does business as TWA and GoalPath.
4. Item 9 – OTHER INFORMATION – Transition Assistance – This Item was added to provide information as to other IAR compensation.

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Item 4: Services, Fees, and Compensation

Sanctuary Advisors, LLC, an Indiana limited liability company (“Sanctuary Advisors” or the “Firm”), was formed in 2015 and is a registered investment advisor firm with the United States Securities and Exchange Commission (the “SEC”). Sanctuary Advisors is a wholly owned subsidiary of Sanctuary Wealth Group, LLC (“Sanctuary Wealth”). Sanctuary Advisors’ principal business is offering investment advisory services to entities, institutions, and individuals. Sanctuary Advisors has an affiliated FINRA member broker-dealer, Sanctuary Securities, Inc (“Sanctuary Securities”).

Sanctuary Advisors offers its services through its network of investment advisor representatives (“IARs”). IARs are independent contractors and may organize their own business entity (“IAR Business Entities”) to provide certain support services to the IAR and their team as they perform investment advisory services for clients and such entity may provide services other than investment advisory services. However, all investment advisory services are provided through Sanctuary Advisors.

IARs may also conduct or market advisory services under a trade name (“DBA”) other than Sanctuary Advisors. The name and logo of the IAR Business Entities and/or DBAs may appear on marketing materials, as approved by Sanctuary Advisors, or client statements, as approved by the custodian. For a full list of DBAs under Sanctuary Advisors, please refer to Sanctuary Advisor’s ADV Part 1A.

Most of Sanctuary’s IARs are dually licensed (i.e., they are licensed as both broker-dealer representatives and IARs) which means that they can offer investment advisory services through Sanctuary Advisors and brokerage services through Sanctuary Securities. Your IAR will disclose to you whether he or she is dually licensed and if there are any limitations on services offered due to their registrations and qualifications.

The following information in this Brochure is meant to provide a detailed description of Sanctuary Advisors, its various wrap fee services, associated fees and compensation, important customer disclosures, as well as conflicts of interest disclosures. Clients should carefully review information regarding conflicts of interest as these conflicts can have an effect on services, costs, and investment advice provided by Sanctuary Advisors and its IARs. Sanctuary Advisors has policies and procedures in place to ensure that recommendations are made in the best interest of the client and, when possible, to eliminate conflicts altogether.

As outlined above, Sanctuary Advisors will develop an investment portfolio plan with asset allocations to meet the client’s specific investment needs and goals. Additionally, clients may, with written notice to Sanctuary Advisors, request reasonable restrictions on the management of their accounts, such as prohibiting investing in certain securities or types of securities.

Clients must promptly notify Sanctuary Advisors in writing of any changes in such restrictions. All restrictions must be communicated clearly and accurately. In addition to providing your written communication, a review of your restriction should be conducted with your Advisor. Each client should note, however, that restrictions, if accepted by Sanctuary Advisors, may adversely affect the composition and performance of the client’s investment portfolio.

4.A. DESCRIPTION OF ADVISORY SERVICES OFFERED

Sanctuary Advisors’ menu of advisory services is designed to address many different types of investors and their particular styles, needs, and preferences. Through Sanctuary Advisors, clients will have access to a variety of services, which include financial planning services, portfolio management for individuals and businesses, portfolio management for institutional clients other than investment companies, and selection of other advisors.

When clients engage with Sanctuary Advisors in an investment advisory account relationship, Sanctuary Advisors acts as a “fiduciary” with respect to the investment advisory services it provides. Sanctuary Advisors acts as your investment advisor only when Sanctuary Advisors has entered into a written advisory

agreement with you that describes the advisory relationship and the Firm's obligations to you.

Sanctuary Advisors renders discretionary and non-discretionary investment advisory services to clients that consists of programs sponsored by us, as well as advisory services offered through unaffiliated third-party investment managers. Client accounts are managed pursuant to the client's advisory agreement with Sanctuary Advisors.

Sanctuary Advisors' Wrap Programs (the "Wrap Program(s)") services, where it serves as the Wrap Program's Sponsor and, in some instances, the Portfolio Manager, include: (i) Advisor Directed, (ii) Separately Managed Accounts ("SMAs"), (iii) Unified Managed Accounts (UMAs). All programs can be implemented in either a wrap or non-wrap fee structure. This Brochure describes the wrap fee structure only. Please refer to the chart located below for further details on the Wrap Programs offered. Sanctuary Advisors' investment recommendations are not limited to any specific product or service.

Advisor Directed

The Advisor Directed program offers IARs the ability to implement a fee-based asset management program using a large selection of investments. The investments are all within one consolidated account. The IAR creates his or her own investment strategies that are designed to help clients achieve their investment goals. There are two options within the Advisor Directed program. In one, the IAR is responsible for placing his or her own trades to implement the strategy. In the second, an overlay manager is responsible for placing the trades. All accounts in the Advisor Directed program are discretionary with the exception of where the IAR acts as the portfolio manager and enters his/her own trades.

Separately Managed Account

The Separately Managed Account ("SMAs") program offers the IARs the ability to offer a multitude of solutions to meet their clients fee-based asset management objectives. SMA solutions are discretionary asset management with the choice of external third-party managers or Sanctuary's affiliate Sanctuary Asset Management. SMA solutions include a wide range of security portfolios that they manage for our IARs and clients. They include but are not limited to: ETFs, Mutual Funds, Equities, ADRs, Cash, and several Fixed Income securities. Sanctuary also provides offshore SMA solutions to our non-US resident clients. The SMA solutions have minimum investments which vary depending upon the selected solution. Please see the Chart below for additional detail.

Unified Managed Account

The Unified Management Account ("UMAs") program provides the IAR fee-based asset management solutions that are managed on a discretionary basis. UMAs incorporate SMAs, Models, Mutual Funds, ETFs, and Equities in a single account to help our IARs meet their clients' objectives. UMA solutions do have a minimum investment and please refer to the Chart in Item 5 for additional details.

The Advisor Directed program can be provided on either a discretionary or non-discretionary basis. The Advisor Directed Model, as well as SMA and UMA solutions, are provided on a discretionary basis only.

When Sanctuary Advisors provides non-discretionary advice or recommendations, you decide whether to implement the recommendation and, if approved and requested by the client, Sanctuary Advisors implements the recommendation. This may result in a delay in executing recommended trades, which could adversely affect the performance of your account. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to client's account.

When a discretionary investment solution is selected, it allows Sanctuary Advisors to buy and sell investments in your advisory account without contacting you in advance (a "discretionary advisory account").

Sanctuary Advisors requires clients to participate in the formation of the investment plan, investment advice, and recommendations by discussing, among other things, the client's investment experience, financial circumstances, investment objectives, tolerance for risk, and identifying goals. However, clients are obligated to immediately inform Sanctuary Advisors in writing of any changes in the foregoing.

Sanctuary Advisors is held to a fiduciary standard with respect to its investment advisory clients; however, clients should be aware that Sanctuary is not a fiduciary in certain situations, including (but not limited to):

Recommendations with respect to brokerage, or commission-based, accounts you maintain with Sanctuary Securities.

Communications that are educational or informational and not intended to be viewed or construed as an individualized/personalized suggestion for you to take a particular course of action with respect to your investment assets. Examples include:

- Information Sanctuary Advisors provides about the performance of a security in your account.
- Information and education about alternatives you have when deciding whether to roll out of an employer plan or transfer assets from one IRA to another (including between brokerage and advisory accounts or among different advisory accounts).
- Information we provide regarding our products and services when you are considering whether to leave one financial institution, including (but not limited to) when you are considering leaving to follow your financial professional to Sanctuary Advisors.
- Marketing materials, including information, education, or general descriptions of our services, the products that we make available to you, the fees we charge, and the reasons we think you should hire us to provide services to you for your retirement and other accounts.
- Transactions (including rollovers) or trades you execute without a recommendation from us, such as an unsolicited trade.
- Recommendations and interactions that are episodic or sporadic or are not provided as part of an ongoing or regular basis advice relationship, or recommendations made when there is no mutual understanding that our investment advice will serve as a primary basis for your investment decision.

4.A.1. FEES

Fees for advisory services are generally calculated as a percentage of the total market value of the managed assets. Sanctuary Advisors offers its investment advisory services through a network of IARs. The IARs create a fee schedule for each client that is reviewed, agreed upon and provided to each client. In no event shall the maximum fee exceed 2.75% for the total portfolio assets committed to the IAR. Fees are negotiated on an individual basis at the time of the engagement for such services. Factors considered in determining the fees charged generally include, without limitation, complexity of the portfolio, amount of assets to be placed under management, related accounts, or other special requirements. The specific fee schedule will be identified in the advisory agreement between the client and Sanctuary Advisors. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion.

The Wrap Program is an all-inclusive billing alternative. The fee paid to Sanctuary Advisors includes fees for the management, brokerage (e.g., commissions, ticket charges, etc.), custodial fees, and other related costs and expenses collectively. Sanctuary Advisors generally receives the total fee charged less the amounts paid by Sanctuary Advisors for all transaction and execution expenses. Inasmuch as Sanctuary Advisors pays the applicable broker-dealer the transaction and execution costs associated with client

accounts, this may create a disincentive for Sanctuary Advisors to trade securities in accounts.

Program Name	Product Name	Discretionary Program	Types of Securities Offered Include	Maximum Client Advisory Fee* at Time of Investment Amount	Minimum Investment
Advisor Directed	Advisor Directed Discretionary	Yes	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%	\$10,000
	Advisor Directed Non-Discretionary	No	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%	\$10,000
	Advisor Model Discretionary	Yes	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%	\$10,000
SMA Solutions	AdvisorFlex Portfolios	Yes	ETF, Mutual Fund Portfolios	2.75%	\$50,000
	Asset Allocation Portfolios	Yes	ETF, Mutual Fund Portfolios	2.75%	\$50,000
	American Funds Core Portfolios	Yes	ETF, Mutual Fund Portfolios	2.75%	\$10,000
	WealthStart Portfolios	Yes	ETF, Mutual Fund Portfolios	2.75%	\$10,000
	SMA Equity and Balanced Strategists	Yes	Equities, ADRs, Mutual Funds, ETFs, Cash	2.75%	\$100,000
	SMA Fixed Income Strategists	Yes	U.S. Treasury, U.S. Agency, Cash, Residential/Commercial CMOs, Investment Grade and High Yield Corporate and Municipal Bonds, Asset-Backed Securities, Fixed Income ETF or Mutual Fund	2.75%	\$100,000
	SMA Mutual Funds and ETF Strategists	Yes	ETF, Mutual Fund Portfolios	2.75%	\$10,000
UMA Solutions	UMA	Yes	SMAs, Models, Mutual Funds, ETFs, Equities	2.75%	\$100,000

Sanctuary Asset Management	SAM Equity Strategies	Yes	Equities, ADRs, Mutual Funds, ETFs, Cash	2.75%	\$50,000
	SAM Fixed Income Strategies	Yes	U.S. Treasury, U.S. Agency, Cash, Residential/Commercial CMOs, Investment Grade and High Yield Corporate and Municipal Bonds Asset-Backed Securities, Fixed Income ETF or Mutual Fund	2.75%	\$250,000
	SAM Model Strategies	Yes	ETF, Mutual Fund Portfolios	2.75%	\$10,000 ETF Only \$50,000 ETF and Mutual Fund
International SMA	Offshore SMA Equity and Balanced Strategists	Yes	UCIT Equities, UCIT ADRs, UCIT Mutual Funds, UCIT ETFs, Cash	2.75%	\$100,000
	Offshore SMA Fixed Income Strategists	Yes	U.S. Treasury, U.S. Agency, Cash, Residential/Commercial CMOs, Investment Grade and High Yield Corporate and Municipal Bonds Asset-Backed Securities, Fixed Income ETF or Mutual Fund	2.75%	\$100,000
	Offshore SMA Mutual Funds & ETF Strategists	Yes	UCIT ETF, UCIT Mutual Fund Portfolios	2.75%	\$10,000
	Onshore SMA Equity and Balanced Strategists	Yes	Equities, ADRs, Mutual Funds, ETFs, Cash	2.75%	\$100,000
	Onshore SMA Fixed Income Strategists	Yes	U.S. Treasury, U.S. Agency, Cash, Residential/Commercial CMOs, Investment Grade and High Yield Corporate and Municipal Bonds Asset-Backed Securities, Fixed Income ETF or Mutual Fund	2.75%	\$100,000

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

4.B. FEES COMPARISON

Clients may be able to purchase services similar to those offered under the Wrap Program from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than our Wrap Program, depending on the fees charged by such other service providers. For example, the Wrap Program fee, which is fixed regardless of the number of transactions occurring in the account, may be more or less than paying for execution on a per-transaction basis.

4.C. ADDITIONAL FEES

Sanctuary Advisors pays all custodian fees and transaction fees for all accounts under this Wrap Program. However, custodians may charge other related costs on the purchases or sales of mutual funds, equities, bonds, options, margin interest, and mark-ups, markdowns, or spreads to market makers. Mutual funds, money market funds, and exchange-traded funds may also charge internal management fees, which are disclosed in the fund's prospectus. Sanctuary Advisors does not directly receive any compensation from these fees.

4.D. CONFLICTS OF INTEREST

IAR compensation, in part, is based on the amount of fee revenue generated by the clients serviced by the IAR; therefore, a conflict of interest exists because IARs have an incentive to recommend investment products based on the compensation received, rather than on the client's needs. Sanctuary Advisors has implemented a Code of Ethics and internal policies and procedures to ensure that the interests of its clients are given priority to the interests of its IARs. See Item 9: Additional Information.

We have an incentive to advise you to invest in certain investments, such as fixed income products, alternative investments, structured notes, or sub-managed portfolios, because the manager or sponsor of those investments may share distribution fees, underwriting fees, manager fees, or a portion of their revenue with affiliates. To address any conflict of interest, Sanctuary Advisors has implemented a Code of Ethics and specific policies and procedures to ensure any transaction is in the client's best interest.

Item 5: Account Requirements And Types of Clients

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

- Individuals;
- Corporations and other businesses;
- Trusts;
- Estates;
- Charitable organizations;
- Pension and Profit-Sharing Plans;
- Employee Benefits Plans.

Sanctuary Advisors does not impose minimum account sizes or a minimum investment amount: however, individual IARs or Sub-Advisors may require you to meet minimum asset thresholds for an account to be managed.

Item 6: Portfolio Manager Selection and Evaluation

Sanctuary Advisors may recommend or select one or more Sub-Advisers for a particular client. See Item 4 of this Wrap Brochure for additional information on Sanctuary Advisors' basis for recommending, selecting, and replacing Sub-Advisers. Sub-Advisers provide performance information and Sanctuary Advisors reviews such information.

Portfolio management services for the Wrap Program may be provided by Sanctuary Advisors and its IARs. Such arrangements create a potential conflict of interest because Sanctuary Advisors may receive higher aggregate compensation if clients retain Sanctuary Advisors instead of unaffiliated investment advisers.

Please refer to additional information found in the following Items of ADV Part 2A, which accompanies this Wrap Brochure: Item 4 – Advisory Business; Item 6 – Performance-Based Fees and Side-By-Side Management; Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss; and Item 17 – Voting Client Securities.

Item 6.A. Advisor as Portfolio Manager

Advisor directed

In the Advisor Directed program, your IAR acts as portfolio manager and selects specific investments to implement an asset allocation model consistent with your investor profile, risk tolerance, and investment objectives. IARs acting as portfolio managers generally do not have documented performance histories against which to measure. Therefore, IARs of Sanctuary Advisors are not subject to the same selection and review process that we use for the other SMA and UMA programs.

SMA/UMA programs

SMA and UMA Managers selected for participation are subject to periodic review to determine if there are any material changes or disclosure events that would impact the quality of the Manager's performance.

Your IAR is responsible for the initial SMA/UMA Manager selection based on the information you provide at the inception of the account along with your investor profile information. Your IAR is responsible for monitoring the appropriateness of the selected Manager in light of any changes to your financial condition, risk tolerance and investment objectives reported by you.

Item 6.B. Adviser Directed Conflicts of Interest

In a wrap fee program, you pay one fee, regardless of the number of transactions. Sanctuary Advisors pays all the associated transaction fees for your account. As a result, less transactions means less fees for Sanctuary Advisors. This creates a conflict of interest in that Sanctuary Advisors has an incentive to trade less which may not be in your best interest.

Item 6.C. Methods of Analysis, Investment Strategies and Risk of Loss

Performance-based fees

Sanctuary Advisors does not charge performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client). Sanctuary Advisors does not participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Types of investments

Sanctuary Advisors typically invests in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds (“ETFs”)
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Corporate debt obligations
- Options
- Alternatives (including, without limitation, private equity, private credit, real estate, and venture capital)

However, Sanctuary Advisors does not restrict itself in the types of securities it may utilize, if appropriate for the client.

Inherent risks of investing

All investments are subject to risks. Clients should be cognizant of the potential and inherent risks of investing in securities, including loss of capital. There is no assurance that Sanctuary Advisors will be able to attain your objectives, that any investment recommendation will be profitable, or a particular rate of return will be achieved.

Market Risks

Market risk is the risk that the value of securities in a portfolio may decline due to daily fluctuations in the securities markets that are generally beyond Sanctuary Advisors' control. In a declining stock market, stock prices for all companies may decline, regardless of their long-term prospects.

Inflation Risks

Inflation risk: Inflation reduces the buying power of a dollar, and could cause uncertainty among individual investors, possibly resulting in corporations backing away from projects which could further reduce the value of corporate equities.

Long-Term Purchases

Sanctuary Advisors' investment strategy is generally long term in nature and predicated on a diversified portfolio of securities custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances. A risk in a long-term investment strategy is that by holding the security for a year or longer, the client may not take advantage of short-term gains that could be profitable. Additionally, if predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-Term Trading

Although Sanctuary Advisors, 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. Short-term trading involves the purchase of securities with the intent of selling them within a relatively short time (typically a year or less). There is an inherent risk for clients who utilize short-term trading, in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

Management Risks

While Sanctuary Advisors manages client investment portfolios, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Sanctuary Advisors allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Sanctuary Advisors' specific investment choices could underperform their relevant indexes. Sanctuary Advisors makes no guarantee regarding the investment performance of any client portfolio. Clients should understand that the investment performance and asset value of the client's portfolio can and will fluctuate and that the portfolio may lose money.

Economic Conditions

Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While Sanctuary Advisors performs due diligence on the companies in whose securities it invests, economic conditions are not within the control of Sanctuary Advisors and no assurances can be given that Sanctuary Advisors will anticipate adverse developments.

Risks of Investments in ETFs, Mutual Funds, and Other Investment Pools

As described above, Sanctuary Advisors may invest client portfolios in ETFs, mutual funds, and other investment pools ("Funds"). Investments in Funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, Funds' success will be related to the skills of their particular managers and their performance in managing their Funds. Registered Funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940, as amended.

Risks Related to ETF NAV and Market Price

The market value of an ETF's shares may differ from its net asset value ("NAV"). This difference in price may be due to the fact that the supply and demand in the market for ETF shares at any point in time is not always identical to the supply and demand in the market for the underlying basket of securities. Accordingly, there may be times when an ETF trades at a premium (creating the risk that a portfolio pays more than NAV for an ETF when making a purchase) or discount (creating the risks that the portfolio's value is reduced for undervalued ETFs it holds and that the portfolio receives less than NAV when selling an ETF).

Large-Capitalization Company Risk

Sanctuary Advisors may invest a portion of a client's portfolio in large-capitalization companies. Large-capitalization companies are generally more mature and may be unable to respond as quickly as smaller companies to new competitive challenges, such as changes in technology and consumer tastes, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

Small-Capitalization Company Risk

Sanctuary Advisors may invest a portion of a client's portfolio in small-capitalization companies. Investing in small-capitalization companies involves greater risk than is customarily associated with larger, more established companies. Small-capitalization companies frequently have less management depth and experience, narrower market penetrations, less diverse product lines, less competitive strengths, and fewer resources than larger companies. Due to these and other factors, stocks of small-capitalization companies may be more susceptible to market downturns and other events, and their prices may be more volatile than larger capitalization companies. In addition, in many instances, the securities of small-capitalization companies typically are traded only over the counter or on a regional securities exchange, and the frequency and volume of their trading is substantially less than is typical of larger companies. Because small-capitalization companies normally have fewer shares outstanding than larger companies, it may be more difficult to buy or sell significant amounts of such shares without an unfavorable impact on prevailing prices. Therefore, the securities of small-capitalization companies may be subject to greater price fluctuations. Small-capitalization companies are typically subject to greater changes in earnings and business prospects than larger, more established companies and also may not be widely followed by investors, which can lower the demand for their stock.

Equity Market Risks

Sanctuary Advisors will generally invest portions of client assets directly into equity investments, primarily stocks, or into Funds that invest in the stock market. As noted above, while Funds have diversified portfolios that may make them less risky than investments in individual securities, Funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Fixed Income Risks

Sanctuary Advisors may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in Funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through Funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity). Sanctuary Advisors may invest portions of client assets into securities that are rated below investment grade (commonly known as "high yield" or "junk bonds"). Securities which are in

the lower-grade categories generally offer a higher current yield than is offered by higher-grade securities of similar maturities, but they also generally involve greater risks, such as greater credit risk, greater market risk and volatility, and greater liquidity concerns. These investments are generally considered to be speculative based on the issuer's capacity or incapacity to pay interest and repay principal.

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. 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.

Investments in options involve risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) the risk that the counterparty to a transaction may not fulfill its contractual obligations; (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the option may not correlate perfectly with the underlying asset, rate, or index. Option prices are highly volatile and may fluctuate substantially during a short period of time. Such prices are influenced by numerous factors that affect the markets, including, but not limited to: changing supply and demand relationships; government programs and policies; national and international political and economic events, changes in interest rates, inflation and deflation and changes in supply and demand relationships. It is possible that certain options might be difficult to purchase or sell, possibly preventing a manager from executing positions at an advantageous time or price, or possibly requiring them to dispose of other investments at unfavorable times or prices in order to satisfy a portfolio's other obligations. In addition, options allow investors to hedge security positions held in the portfolio.

Option strategies that Sanctuary Advisors may typically employ as part of its investment strategy include, but are not limited to:

- **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 options 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 options 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.

Lack of Diversification

Client accounts may not have a diversified portfolio of investments at any given time, and a substantial loss with respect to any particular investment in an undiversified portfolio will have a substantial negative impact on the aggregate value of the portfolio.

Security Leverage Risk

Although Sanctuary Advisors, 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, Sanctuary Advisors will utilize leverage. The use of margin leverage entails borrowing which results in additional interest costs to the investor.

Sanctuary Advisors offers securities-based lines of credit through third parties which allow borrowers to access cash without liquidating their investment portfolios. The portfolio serves as collateral—qualified equities, bonds or funds that are already owned. Principal can be re-paid at any time during the life of the loan—only interest is due monthly. Securities based loans may not be suitable for all loan parties (e.g., borrowers, pledgors, and guarantors) and carry a number of risks, including but not limited to the risk of a market downturn, tax implications if pledged securities are liquidated, and the potential increase in interest rates. If the value of pledged securities drops below certain levels, loan parties may be required to pay down the loan and/or pledge additional securities. The risks are described in the disclosures available through the third-party providers upon request. You should consider these risks and whether a securities-based loan is suitable before proceeding.

Sanctuary Advisors and its IARs do not give legal or tax advice. An attorney or tax advisor should be consulted for answers to specific questions. The purpose of a securities-backed line of credit must be for personal, family or household purposes and not for securities, investments or to purchase or carry margin securities, which include (1) stocks that are registered on a national securities exchange, or any over-the-counter security designated for trading in the national market system; (2) debt securities (bonds) that are convertible into margin stock; and (3) shares of most mutual funds.

Short Selling

Sanctuary Advisors generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is affected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be affected at a significantly lower price. The primary risks of effecting short sales are the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

Information Risk

All investment professionals rely on research in order to make conclusions about investment options and select investments. This research is generally a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Particular third-party data, or outside research, is utilized, in part, because of its perceived reliability, but there is no guarantee that the data or research will be completely accurate, and Sanctuary Advisors will not seek to independently verify its accuracy. Failure in data accuracy or research may cause Sanctuary Advisors to select investments that perform poorly and fail to help clients meet investment objectives and goals.

Quantitative Model Risk

Certain strategies may rely heavily on quantitative models and the analysis of specific metrics to construct a client's portfolio. The impact of these metrics on a stock's performance can be difficult to predict, and stocks that previously possessed certain desirable quantitative characteristics may not continue to demonstrate those same characteristics in the future. In addition, relying on quantitative models entails

the risk that the models themselves may be limited or incorrect, that the data on which the models rely may be incorrect or incomplete, and that Sanctuary Advisors may not be successful in selecting companies for investment or determining the weighting of particular stocks. Any of these factors could cause a client's portfolio to underperform other portfolios with similar strategies that do not select stocks based on quantitative analysis.

Authority to vote

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Sanctuary Advisors has adopted and implemented written policies and procedures governing the voting of client securities. Clients may elect to have Sanctuary Advisors vote proxies on their behalf or they may keep authority to vote their proxies.

Where Sanctuary Advisors votes proxies, Sanctuary Advisors seeks to vote in the best interest of the client. Sanctuary Advisors supplements its evaluation of client proxies with guidance from an independent corporate governance consulting firm.

There may be instances where issues or conflicts exist that prevent Sanctuary Advisors from voting client proxies. In cases where Sanctuary Advisors is aware of a proxy voting conflict between the interests of a client and the interests of Sanctuary Advisors or an affiliated person of Sanctuary Advisors, Sanctuary Advisors will either abstain from voting or vote the applicable shares in a way that seeks to mitigate such conflicts.

Class action lawsuits

Securities held in a client's managed accounts may be subject to class action lawsuits. Sanctuary Advisors has engaged Broadridge Financial Solutions, Inc. ("Broadridge") to provide a review of possible settlement claims involving a class action lawsuit. Broadridge seeks out open and eligible class action lawsuits. Broadridge files, monitors, and expedites the distribution of settlement proceeds in compliance with SEC guidelines on the client's behalf. Broadridge's filing fee is contingent upon the successful completion and distribution of the settlement proceeds from a class action lawsuit. The Broadridge filing fee is paid by Sanctuary Advisors. The settlement proceeds are distributed to eligible clients. Clients are automatically included in Broadridge's service after the account has been established or transferred to an account custodian. Clients can opt-out by notifying Sanctuary Advisors in writing. If a client opts-out, neither Sanctuary Advisors nor Broadridge will monitor class action filings for the client.

A copy of Sanctuary Advisors' proxy voting and class action lawsuits policies and procedures, as well as specific information about how Sanctuary Advisors has voted in the past for your account, is available upon request.

Item 7: Client Information Provided To Portfolio Managers

Information regarding your financial situation, investment objectives, risk tolerance, time horizon and other relevant factors as described by you, is gathered prior to account opening and assists your IAR when recommending the most appropriate asset allocation model(s) and strategies for you. You should notify your IAR promptly when changes to your financial situation, investment objectives, or other personal

information occur, so that your IAR can adjust the management of your portfolio, if necessary. You can impose reasonable restrictions on the management of the account.

Item 8: Client Contact With Portfolio Managers

Clients can contact Sanctuary Advisors at any time. Where reasonably requested, Sanctuary Advisors will arrange communications with the client's portfolio managers. You should contact Sanctuary Advisors, an IAR, or a Sub-Adviser directly with any questions regarding your account. You should contact your IAR concerning changes in your investment objectives, risk tolerance, or requested restrictions placed on the management of your assets.

Item 9: Additional Information

Disciplinary information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of Sanctuary Advisors.

Sanctuary Advisors, LLC. has no disciplinary events that it is required by SEC rules to disclose.

Clients can refer to the investment advisor public disclosure located at www.adviserinfo.sec.gov or FINRA Broker Check at www.finra.org.

Other financial industry activities and affiliations

Sanctuary Securities and Registered Representatives

Sanctuary Securities, Inc. ("Sanctuary Securities") is a related person of Sanctuary Advisors through common control. Management persons of Sanctuary Advisors may also be management persons of Sanctuary Securities. These relationships and any compensation received by Sanctuary Advisors, Sanctuary Securities, or their parent, create a conflict of interest in the event Sanctuary Securities acts as a broker-dealer for a client of Sanctuary Advisors. To address any conflict of interest, Sanctuary Advisors has implemented a Code of Ethics and specific policies and procedures to ensure any transaction is in the client's best interest. See Code of Ethics, Participation or Interest in Client Transactions and Personal Trading below for further details on addressing conflicts of interests in these situations. Any services provided by Sanctuary Securities are separate and distinct from Sanctuary Advisors' services and are provided pursuant to separate client agreements.

Many IARs of Sanctuary Advisors are dually registered as investment advisor representatives of Sanctuary Advisors and registered representatives of Sanctuary Securities. As such, these dually registered persons are entitled to receive brokerage commissions in their capacity as a registered representative. In order to protect client interests, Sanctuary Advisors' policy is to fully disclose all forms of compensation before any such transaction is executed.

Insurance Agents

Certain IARs may be licensed insurance agents through Sanctuary Securities and may recommend or assist in the recommendation of an insurance-related product to a client. The recommendation by IARs that a client purchase an insurance-related product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. To address any conflict of interest, Sanctuary Advisors has implemented a Code of Ethics and specific policies and procedures to ensure any transaction is in the client's best interest. The client is not under any obligation to purchase an insurance product from or through Sanctuary Securities.

Clients are under no obligation to purchase securities or insurance products through Sanctuary Securities or its affiliates.

Other Financial Industry Affiliations

Sanctuary Wealth, which is the sole owner of Sanctuary Advisors is affiliated with the following entities:

- **Two West Capital Advisors, LLC** is a separately owned SEC registered investment advisor based in Overland Park, KS that operates under the names Two West Advisors (TWA) and GoalPath. Sanctuary Wealth has a 20% ownership interest in TWA and Sanctuary Advisors is engaged in a referral arrangement with TWA that allows Sanctuary Wealth to offer TWA's institutional level retirement plan services. Sanctuary Advisor's role in institutional retirement plan engagements is limited exclusively to that of a solicitor, and therefore Sanctuary Advisors does not provide investment related services or give investment related advice on behalf of TWA.
- **KL SWG AIV, LLC** (the "KL Fund"), a pooled investment vehicle, as a result of the KL Fund holding a convertible loan entitling the KL Fund and certain of its affiliates to certain consent and board appointment rights with respect to Sanctuary Wealth both prior to and following conversion of the loan. As a result of the KL Fund's convertible loan, Sanctuary Advisors is also affiliated with the KL Fund, as well as the following:
 - Kennedy Lewis Management LP ("KLM" and together with its affiliates, "Kennedy Lewis"), a registered investment adviser, because KLM is affiliated with the manager of the KL Fund; and
 - Generate Advisors, LLC ("Generate Advisors" and together with the KL Fund, KLM, and their affiliates, "Kennedy Lewis"), a registered investment adviser that manages collateralized loan obligation assets, because Generate Advisors is under common control with KLM.
- **Azimut US Holdings, Inc.** ("AZ US Holdings"), a holding company, as a result of AZ US Holdings holding equity interests in Sanctuary Wealth that entitle AZ US Holdings to certain consent and board appointment rights with respect to Sanctuary Wealth. As a result of AZ US Holdings' equity interests in Sanctuary Wealth, Sanctuary Advisors is also affiliated with AZ US Holdings, as well as the following:
 - Azimut Group, a European investment manager, because AZ US Holdings is a subsidiary of Azimut Group;
 - Azimut Genesis Advisors, LLC ("Azimut Genesis"), a registered investment adviser, because AZ US Holdings holds a majority ownership interest in Azimut Genesis; and
 - AZG Capital LLC ("AZG Capital" and together with AZ US Holdings, Azimut Group, Azimut Genesis, and their affiliates, "Azimut"), a registered investment adviser, because AZ US Holdings holds a majority ownership interest in AZG Capital.

- **Sanctuary Insurance Solutions, LLC** provides IARs with wealth and succession plans for high-net worth clients.
- **Sanctuary Global, LLC** provides services, solutions, and resources for IARs conducting business globally.
- **Sanctuary Asset Management Solutions, LLC** is an integrated asset management solution, which provides IARs the opportunity to create scale and efficiency within their investment process.
- **Sanctuary Global Family Office, LLC** advises on family office formation, needs assessment, and assessing governance and controls of the family office.

Code of ethics, participation or interest in client transactions, and personal trading

Code of ethics

In accordance with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”), Sanctuary Advisors has adopted a Code of Ethics, which includes written procedures governing the conduct of Sanctuary Advisors' IARs. The Code of Ethics' objectives are to:

- Provide standards of honest and ethical conduct;
- Promote compliance with applicable federal and state laws, rules, and regulations;
- Facilitate prompt internal reporting of violations of the Code of Ethics; and
- Deter wrongdoing.

All IARs of Sanctuary Advisors are required to sign and return an acknowledgement of the Code of Ethics, attesting that they have read and understand it. The Code of Ethics and applicable securities transactions are monitored by the Sanctuary Advisors Compliance Department.

Sanctuary Advisors will provide a copy of its Code of Ethics to any client or prospective client upon request.

Review of accounts

IARs will monitor your accounts on an ongoing basis and will conduct account reviews with you on at least an annual basis or upon client request, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or
- changes in your risk/return objectives.

Solicitation arrangements

Sanctuary Advisors pays referral fees to independent persons or firms (“Solicitors/Promoters”) for introducing clients to Sanctuary Advisors. All such arrangements are consistent with the rules under the Advisers Act as well as individual State requirements, including, without limitation, documenting such arrangement in a written agreement and providing certain disclosures to referral prospects/clients.

Client referrals and other custodial compensation

Sanctuary Advisors and IARs receive economic benefits from our qualified custodians in the form of support products and services that custodians make available to Sanctuary Advisors. Please see Item 12 - Brokerage Practices in our ADV2A for more information.

Event sponsorship

Periodically Sanctuary holds advisor meetings or industry conferences which may be firm-only or include external attendees. These meetings provide sponsorship opportunities for vendors and other third-party providers. Sponsorship fees allow these companies access to Sanctuary Advisors' IARs and employees to discuss ideas, products, or services. The sponsorship fees also supplement the payment of the meeting or future meetings. This presents a potential conflict of interest, as Sanctuary Advisors may refer business to a certain vendor following their attendance and sponsorship. To mitigate the potential conflict of interest, sponsorship fees are not dependent on assets placed with any specific provider, or the revenue generated by asset placement.

Transition assistance benefits

When an IAR associates with Sanctuary Advisors after working with another financial services firm, the IAR can receive recruitment or transition compensation from Sanctuary Advisors in connection with the transition. This transition assistance includes payments that are intended to assist an IAR with certain defined costs associated with the transition; however, we do not verify that any payments made are used for transition costs. These payments can be in the form of repayable or compensatory loans and are subject to favorable interest rate terms, as compared to other lenders. In the case of compensatory loans, the loans are subject to repayment if an IAR leaves Sanctuary Advisors before a certain period of time.

Funds advanced by Sanctuary Advisors to an IAR under a compensatory loan are not taxable to the IAR when received but represent taxable income as the principal and interest is forgiven by Sanctuary Advisors or the IAR is paid additional compensation to cover the principal and interest on the note. Transition assistance payments can be used for a variety of purposes such as providing working capital to assist in funding the IAR's business, offsetting account transfer fees payable to the custodian as a result of the clients transitioning to Sanctuary Advisor's platforms, technology set-up fees, marketing, mailing and stationery costs, registration and licensing fees, moving and office space expenses, staffing support, and termination fees associated with moving accounts.

The amount of recruitment compensation is often significant in relation to the overall revenue earned or compensation received by an IAR at his or her prior firm. Such recruitment compensation is typically based on a percentage of the IAR's business established at their prior firm, for example, a percentage of the revenue earned, or assets serviced at the prior firm, or on the size of the assets that transition to Sanctuary Advisors.

Financial information

Sanctuary Advisors has not been the subject of a bankruptcy petition. Sanctuary Advisors does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and currently

does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, and therefore has no disclosure with respect to this item.