



# Sanctuary Advisors, LLC

## Form ADV 2A: Firm Brochure

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03/2024

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](mailto: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: Summary of Material Changes

This Firm Brochure is Sanctuary Advisors, LLC's ("Sanctuary Advisors") disclosure document prepared

# Item

## Item 4: Advisory Business

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"). When describing arrangements that include both Sanctuary Advisors and Sanctuary Securities, the more inclusive name "Sanctuary Wealth" will be used.

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 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 of December 29, 2023, total client assets under management are approximately ~~\$\$\$~~( ~~7~~ \$\$.00, of which approximately ~~88%~~ - ~~\$\$\$~~\$.00 is managed on a discretionary basis and ~~12%~~ ( ~~7~~ \$\$\$\$\$.00 is managed on a non-discretionary basis.

Sanctuary Advisors' menu of advisory services is designed to address many different types of investors and

Advisory services may include but are not limited to: (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. Please refer to the chart located in Item 5 for further details. Sanctuary Advisors’ investment recommendations are not limited to any specific product or service and will be based on the client’s investment objectives, risk tolerance, and time horizon.

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



that can advise, help, and assist plan sponsors with their investment decisions. As an investment advisor, Sanctuary Advisors has a fiduciary duty to act in the best interest of the Plan Sponsor. The Plan Sponsor is still ultimately responsible for the decisions made in their plan, though using Sanctuary Advisors can help the Plan Sponsor delegate liability by following a diligent process.

1. Fiduciary Services include:

- Providing investment advice to the Plan Sponsor about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Plan Sponsors will make the final decision regarding the initial selection, retention, removal, and addition of investment options. Sanctuary Advisors acknowledges that it is a fiduciary as defined in ERISA (I)0.5 (I (e)10.1 m )



- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.
- Excluded Assets will not be included in the calculation of Fees paid to Sanctuary Advisors on the ERISA Agreement. Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

. Sanctuary Advisors offers ERISA 3(38) Investment Management through select IARs or a third party which has discretionary management and control of a given retirement plan's assets. The third-party or select IAR would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

Fiduciary Services include:

- Advisor has discretionary authority and will make the final decision regarding the initial selection, retention, removal, and addition of investment options in accordance with the Plan's investment policies and objectives.
- Assist the Plan Sponsor with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- Assist the Plan Sponsor in the development of an investment policy statement. The IPS establishes the investment policies and objectives for the Plan.
- Provide discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Plan Sponsor retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c)(5).
- Assist in monitoring investment options by preparing investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- Meet with Plan Sponsor on a periodic basis to discuss the reports and the investment recommendations.

Non-fiduciary Services include:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. The Advisor's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, the advisor is not providing fiduciary advice as defined by ERISA to the Plan participants. Advisor will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

Sanctuary Wealth may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between the Advisor and Plan Sponsor.

Sanctuary Advisors provides retirement plan consulting services to 401(k) Plan Participants. Ongoing investment manageme



When one or more Sub-Advisors are utilized, the sub-advisory fees are generally incorporated into Sanctuary Advisors advisory services fee. Sanctuary Advisors typically deducts its advisory services fee from the client account and pays the Sub-Advisors fee. The advisory fee charged to the client by the third-party sub-advisor is disclosed in the sub-advisor's Form ADV or related disclosure document.

Fees for services are generally calculated as a percentage of the total market value of all managed assets but excluding margin debit balance (if applicable). There may, however, be additional charges such as wire transfer fees or commissions for trades not executed through our qualified custodians: Schwab, , Fidelity, Pershing LLC, and Pershing Advisor Services. Services may cost you more or less than purchasing similar services separately, assuming the services could be purchased directly from the various providers thereof. In evaluating a managed account service, clients should consider several factors. A client may be able to obtain some or all the services available through a particular program on an "unbundled" or "bundled" basis through Sanctuary Advisors or through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower (or higher) than the fee charged in the model portfolio program. Payment of an asset-based fee may produce accounting, bookkeeping, or income tax results that differ from those resulting from the separate payment of (i) securities commissions and other execution costs on

questions.

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Advisor Directed	Advisor Directed Discretionary	Yes	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%
	Advisor Directed Non-Discretionary	No	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%
	Advisor Model Discretionary	Yes	Equities, ADRs, Mutual Funds, UITs, ETFs, and Cash	2.75%
	AdvisorFlex Portfolios	Yes	ETF, Mutual Fund Portfolios	2.75%
	Asset Allocation Portfolios	Yes	ETF, Mutual Fund Portfolios	2.75%

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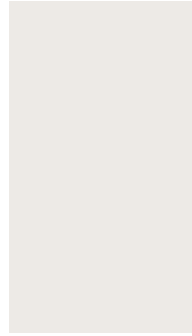
SMA  
Solutions

Sanctuary Asset  
Management

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



based fees.

## Item 7: 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 8: Methods of Analysis, Investment Strategies, and Risk of Loss

Sanctuary Advisors develops a customized investment strategy for each client. In selecting investments for a client's account in accordance with the client's advisory agreement, Sanctuary Advisors may use any of the following types of analysis or a blend of these types of analysis.

The attempt to measure the intrinsic value of a security by examining economic, financial, and other qualitative and quantitative factors. Fundamental analysis looks at revenues, earnings, profit margins, return on equity, and other data to determine a company's potential for growth. It also considers the overall economy and industry conditions. Risk of fundamental analysis lies in that it does not attempt to predict or anticipate market movements.

The use of mathematical and statistical modeling to obtain more accurate measurements of a company's quantifiable data, such as historical price and volume statistics, performance data, standard deviation and related risk metrics, and a security's performance relative to the overall market. Quantitative analysis runs the risk of not taking into account qualitative factors that may affect the investment. Additionally, quantitative analysis heavily relies on the accuracy of underlying data.

The charting of price and volume data, as reported by the ex4.1 (e)10.1 (s)-1 5 02nn (he)0078w 3.29 02T11 0





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.

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

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,



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. s317c -0.D-e. A mpe2u (or)T#810.4 (a)T0squw0.6 (d)785 @Jct(0T)



investment related services or give investment related advice on behalf of TWA.

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

From time to time, Sanctuary Advisors or its affiliates will make certain investment products (including, without limitation, business development companies and private funds), sponsored or managed by or

may affect the judgment of individuals who make referral recommendations as IARs may be incented to recommend programs based on compensation received, rather than on the client's needs. Clients are under no obligation to purchase services recommended by Sanctuary Advisors or TWA associated persons or to purchase services through TWA.

Sanctuary Advisors may provide investment advisory service412 T4( )Tj0.009 Tc -0.009 Tw 0.234 0 Td(to)Tj0 Tc 04

client or considered for purchase or sale by a client. Such conflict generally refers to the practice of front-running (trading ahead of the client), which the firm specifically prohibits.

It is the policy of Sanctuary Advisors that no IAR may purchase or sell any security prior to a transaction being implemented for a client account, thereby preventing such IAR from benefiting from transactions placed on behalf of clients. Sanctuary Advisors has adopted specific policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- Require IARs and employees to act in the client's best interest;
- Prohibit front-running; and



## ***Charles Schwab & Company***

For clients accounts maintained at Charles Schwab & Co., Inc. ("Schwab"), Schwab generally does not charge separately for custody services but is compensated by charging clients commissions or other fees on trades that it executes or that settle into the client's Schwab account. Certain trades (for example, mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in the client's account in Schwab's Cash Features Program. This commitment benefits clients because the overall commission rates and asset-based fees clients pay are lower than they would be otherwise. In addition to commissions and asset-based fees, Schwab charges clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that Sanctuary Advisors executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer.

quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### ***Fidelity***

Sanctuary Advisors has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Sanctuary Advisors with

provide for a profit to Sanctuary Advisors. Sanctuary Advisors charges clients more for certain services than it pays Pershing, which is sometimes called a "markup," and the markups vary by product and the type of service and can be substantial. Sanctuary Advisors keeps the difference between the fees and charges our clients pay and the amount paid to Pershing to cover the costs associated with processing transactions and providing other services. The receipt of this income presents a conflict of interest because the revenue received creates an incentive to recommend Pershing as a custodian.

The economic arrangements between Sanctuary Advisors and Pershing (including the fees charged by Pershing) can be renegotiated and change from time to time, including in circumstances where Sanctuary Advisors realizes net savings or increased profits from the changed arrangements and Sanctuary Advisors does pass on any net savings or increased profits in the form of reduced fees and charges to clients. This practice creates a conflict of interest for us since we have a financial incentive

Sanctuary Advisors currently has soft dollar arrangements with our qualified custodians pursuant to the safe harbor of Section 28(e) of the Securities Exchange Act of 1934. The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by our custodians, without any cash payment by the investment adviser, based on assets held with the custodians. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). As such, Sanctuary Advisors at times has an incentive to conduct soft dollar trades based on Sanctuary Advisors’ interest in receiving the research or other services, rather than on clients’ interest in receiving the lowest commission. Sanctuary Advisors may use research or soft dollar benefits to service accounts that do not necessarily pay for the benefits.

In selecting or recommending broker-dealers, Sanctuary Advisors does not consider whether Sanctuary Advisors or a related person receives client referrals from a broker-dealer or third party.

Sanctuary Advisors does not



## Item 14: Client Referrals and Other Compensation

Sanctuary Advisors offers a range of investments and services to its clients. As you work with your IAR to determine the most appropriate types of accounts, investments, and services to achieve your investment goals, it is also important to understand how Sanctuary Wealth, its IARs, and affiliates are compensated. Certain forms of compensation create conflicts of interest and it is important for you to assess these conflicts when making decisions about your services and investments. Such compensation is not shared or credited to client accounts unless specifically noted.

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 pursuant to 17 CFR 201.173(i)(6)(n)-0.6(h)-10.5 (ng



with any financial statements or information received or made available to clients through Sanctuary Advisors or any other outside vendor. Clients should contact Sanctuary Advisors and/or their custodian if there are any discrepancies regarding the reports/statements.

Sanctuary's qualified custodians will also provide clients with confirmations of trading activity, asset movement, and various tax forms. Trade confirmation suppression is available upon request. For accounts held at Pershing, unless the Client makes an election on the Advisory Agreement, you will not receive a separate confirmation for each transaction. In lieu of separate trade confirmations, the information will be provided in a quarterly confirmation report via e-delivery at no additional charge. You can obtain, by request, trade by trade confirmations. However, if Pershing delivers such to you via US mail, a paper delivery charge is assessed.

## **Item 16: Investment Discretion**

As described in Item 4 - Advisory Business, Sanctuary Advisors will accept clients on either a discretionary or non-discretionary basis. If required by the custodian, the client will execute a limited power of attorney ("LPOA") which allows Sanctuary Advisors to carry out trade recommendations and approved actions in, and give instructions to the custodian related to, the client's account.

Clients who engage Sanctuary Advisors on a discretionary basis may, at any time, request reasonable restrictions, in writing, on the Adviser's discretionary authority (e.g., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the use of margin, etc.).

Certain programs offered by Sanctuary Advisors are offered only on a full discretionary basis. In such instances, the account manager, whether it is an IRA or third-party manager, will make all decisions with respect to the accounts without prior consultation with the Client.

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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 18: 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.