

## Item 1 – Cover Page



Sequoia Financial Advisors, LLC  
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June 23, 2025

This Brochure provides information about the qualifications and business practices of Sequoia Financial Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (888) 225-3777 and/or [sequoia-financial.com](http://sequoia-financial.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.

Sequoia Financial Advisors, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information with which you determine to hire or retain an Adviser.

Additional information about Sequoia is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

## Item 2 – Material Changes

This section discusses only material changes to Sequoia Financial Advisors, LLC's (SFA) Form ADV Part 2A Brochure since the date of our last annual update March 21, 2025.

1. As part of the acquisition of Carlson Capital Management on March 31, 2025, SFA now serves as a sub-advisor to an exchange traded fund, CCMG. This relationship presents additional compensation to SFA and conflicts of interest as described below.
2. As of 3/31/2025, SFA is under common ownership with Sequoia Tax Services, LLC. ("STS") STS provides tax preparation services for select clients of SFA. This arrangement presents a conflict of interest as described below .

In the past, we have offered or delivered information about our qualifications and business practices to Clients on at least an annual basis. 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. We will further provide other ongoing disclosure information about material changes to our firm as required by SEC Rules. We will provide you with a new Brochure at any time, without charge.

Please note that Sequoia will only contact you through US mail, email, by phone, and approved texting platforms. We also post communications to our website and through LinkedIn. If you are contacted by Sequoia through any other platform, the sender may be impersonating Sequoia personnel and the communication may be fraudulent.

Currently, our Brochure may be requested by contacting Sequoia Financial Advisors, LLC at 1-888-225-3777 or by sending a request via our website under "Contact Us" in the menu drop down. Our Brochure is also available on our website [www.sequoia-financial.com/disclosures](http://www.sequoia-financial.com/disclosures).

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## Item 4 – Advisory Business

### Firm Overview

Sequoia Financial Advisors, LLC (“Sequoia Financial Advisors”, “Sequoia”, “us”, “we”, “advisor” or “SFA”) is an Ohio limited liability company, founded in 2000, and is a Registered Investment Advisory (“RIA”) firm under the Investment Advisers Act of 1940, [\*15 U.S.C. § 80b-1, et. seq.\*](#) We have been registered with the Securities and Exchange Commission since 2002 and are 100% owned by Sequoia Financial Group, LLC, an independent financial services firm formed in 2000. Sequoia Financial Advisors’ President, Thomas Haught has ownership interest in Sequoia Financial Group, LLC. Further detail regarding SFA ownership can be found under the ADV, in Schedule A and Schedule B.

### Advisory Services

SFA provides wealth planning, consulting and investment management services. Prior to engaging SFA for investment advisory services, the client is required to enter into one or more written agreements with SFA setting forth the terms and conditions under which SFA renders its services.

### Asset Management Services

Clients can engage SFA to manage all or a portion of their assets on a discretionary or non-discretionary basis. SFA provides continuous and regular account supervision and advice about investments held within a client’s portfolio as indicated in their individual agreement. SFA may utilize some or all of the services described below in providing asset management services.

#### Model Portfolios

SFA may recommend allocation model portfolios on a discretionary basis. These model portfolios are created, monitored, and updated by SFA. The model portfolios are a combination of but not limited to open-end mutual funds and exchange traded funds (“ETFs”), as well as individual stocks. Some models may include the use of an Affiliated ETF (See “Affiliated ETF” description below). We may add other asset classes, such as private funds if we feel it is in the client’s interest. We offer models in different asset allocation combinations. Our investment committee reviews the model portfolios on a regular basis. We reserve the right to make adjustments at any time.

These models vary from client to client. These variations include taxable and tax sensitive as well as ranges from one hundred percent equity to one hundred percent fixed income. Further information is available upon request.

#### Affiliated ETF

SFA serves as a subadvisor to an affiliated exchange traded fund—the CCM Global Equity ETF (the “Affiliated ETF”). SFA may recommend and use its investment discretion to invest clients in the

Affiliated ETF. Depending on a client's investment strategy and asset allocation, SFA can invest up to 100% of a client's account in the Affiliated ETF. This arrangement creates a conflict of interest as SFA stands to receive a portion of the fee a client incurs investing in the CCM Global Equity ETF in addition to the fees described in Item 5 below. As of April 1, 2025, the adviser to the Affiliated ETF is entitled to receive an advisory fee based on the Affiliated ETF's average daily net assets for the services and facilities it provides payable at the annual rate of 0.34%.<sup>1</sup> The adviser pays SFA as subadvisor to the Affiliated ETF a fee, which is calculated daily and paid monthly, at an annual rate of 0.17% based on the fund's average daily net assets<sup>2</sup>. SFA mitigates this conflict of interest by disclosing it to clients, providing clients with an opportunity to ask questions, and seeking a clients informed consent to manage their account in this manner in through disclosures present in their Investment Management Agreement. A client may also limit SFA's ability to invest in the Affiliated ETF by informing SFA of that restriction. The Affiliated ETF's prospectus details the investment objectives, strategy, and the schedule of fees to be received by SFA, and clients should carefully review this document, as well as the statement of additional information.

### **Custom Portfolios**

In a Custom Portfolio, SFA will manage the client's assets to their stated risk tolerance and investment objectives utilizing stocks, bonds, mutual funds, ETFs, REITs and potentially private investments. Custom portfolios are reviewed periodically and discussed during client reviews.

### **Mutual Fund Share Class**

SFA evaluates a fund's share class options in order to select the most appropriate share classes to purchase. While this typically results in SFA choosing the lowest internal cost share class available, the process also accounts for the total amount of the investment, trading costs if applicable, and expected holding time among other factors. As a result, there may be instances where purchasing a share class with a higher internal cost but no transaction costs appears to be the total lower cost option for the client. Periodically, SFA will review the share classes of funds in client accounts and determine if we believe that we should conduct an interfund class exchange (movement from one share class to another) to a lower internal cost share class based on the above. SFA will make the exchange in our model accounts and initiate the exchange in custom accounts, after review with the individual advisors. This helps SFA account for share classes in client accounts as a result of transfers and firm mergers.

### **Independent Investment Managers**

SFA may recommend that certain clients utilize the active discretionary management of a portion

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<sup>1</sup> A client will receive notice from the adviser or the Affiliated ETF in the event of any changes to the fees incurred by the Affiliated ETF. SFA will not update this reference in this Form ADV Part 2A on an interim basis.

of their assets by certain independent non-affiliated investment managers ("Independent Manager"), based upon the investment objectives of the client.

The terms and conditions of the relationship between SFA, the client and the Independent Manager are set forth in separate written agreements. SFA will serve as a discretionary investment advisor to clients in recommending an Independent Manager but may not have discretion over the trading in the account. In some cases, the client may sign a separate agreement with the designated Independent Manager. SFA will continue to be responsible for monitoring and reviewing each client's account to ensure that the assets are being managed in accordance with their investment objectives. SFA will receive an advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager.

When recommending or selecting an Independent Manager for a client, SFA reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager and independent third parties. Factors that SFA considers in recommending an Independent Manager include the management style, performance, reputation, financial strength, reporting, pricing, and research of the Independent Manager. The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, SFA's investment advisory fee set forth below.

In addition to SFA's written disclosure brochure, the client will also receive the written disclosure brochure of the designated Independent Manager. Certain Independent Managers will impose more restrictive account requirements and may have billing practices different than SFA. In such instances, SFA can alter its corresponding account requirements and/or billing practices to accommodate.

In limited cases, SFA may also recommend a Client invest in a private fund (described below) or a private fund managed by a third party.

### **Private Funds**

SFA acts as General Partner, Managing Member or Advisor to several private funds ("Funds"), each exempt from registration under Regulation D. These Funds are available only to certain qualified investors pursuant to the respective Fund's offering documents. Information regarding the funds' fees, expenses, risks and investment objectives can be found in the Funds' offering documents. Details of each Fund can be reviewed under Section 7B of Form ADV.

We recommend our Funds to our Clients, which creates an inherent conflict of interest in achieving scale and lowering the expense ratios for each Fund.

SFA currently manages legacy private funds that charge Clients a fund-level management fee, and / or a performance fee, creating a conflict of interest in recommending them to clients of SFA. SFA mitigates this conflict by not offering investment in these Funds to new investors or Clients.

## Wealth Planning Services

SFA offers Clients financial planning services including estate planning, insurance planning, retirement planning, college planning, estate planning, business succession planning and/or investment planning. These services are generally referred to as “Wealth Planning Services”. SFA’s Wealth Planning Services involves gathering personal and financial data, identifying the Clients’ needs, goals and objectives and processing and analyzing this information to assist Clients to try and meet their stated objectives. Clients engaging formal plan services will be provided a financial plan summarizing the client’s financial situation and SFA’s observations and recommendations. Clients are under no obligation to hire SFA to implement strategies recommended under Wealth Planning Services. Financial consulting arrangements and hourly project work are less formal and do not necessarily include a written summary. SFA does not provide legal, accounting or tax advice.

## Estate Document Preparation and Review

SFA offers to provide estate document preparation through an unaffiliated third party for clients electing estate planning as a service. Estate document preparation is included as part of the overall estate planning service.

SFA does not provide legal guidance. Clients utilizing this service to create estate documents are urged to seek guidance from a licensed attorney.

## Retirement Plan Services

SFA offers advisory services to qualified and non-qualified retirement and deferred compensation plans. Services can be tailored to client requirements. We will recognize and accept a fiduciary role under ERISA when applicable. Clients can choose to use any or all of the following services:

1. Plan Design - SFA develops customized retirement plans specifically designed and optimized to meet plan sponsor goals and objectives.
2. Investment Policy Statement preparation or review: Determining an appropriate investment strategy that reflects the plan sponsor’s stated investment objectives for management of the overall plan.
3. SFA may act as a 3(38) investment manager to our client plans ensuring that investment options include a diversified menu of covering the full spectrum of equities, fixed income, and cash equivalents.



4. Selection or Review of Investment Vehicles: We assist plan sponsors in constructing appropriate asset allocation models (or review existing models) and recommend various mutual funds (both index and managed) to implement the client's investment strategy.
5. Monitoring of investment performance of plan assets.
6. Plan Benchmarking: SFA assists clients in ensuring their plans are competitive in total cost structure for the services they are receiving.
7. Education and Training: general investment, fiduciary, and / or educational support designed for the plan participants, plan sponsors, or trustees.
8. Financial Wellness Programming – for an additional fee, SFA provides access to a financial wellness technology platform and programming designed to increase overall financial literacy and efficacy for plan participants, decrease absenteeism and turnover related to financial stress, develop financially well employees that are able to meet current obligations and address future planning/preparedness, and meet employees where they are in their own personal financial journey.

## Business Consulting Services

Under this program, we will directly assist a client in the sale of their business, or engage other non-affiliated professionals or firms to consult on and assist in providing these services. Clients can also receive business consulting services including, but not limited to, current business operational issues, tax consulting in conjunction with their accountant, and business succession planning.

### **Fiduciary Acknowledgement**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;

- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### **Other Legacy Services**

SFA may continue to provide existing Clients legacy services, strategies or programs that are no longer offered to new clients.

### **Educational and Investment Seminars**

From time-to-time SFA may host educational and investment seminars. Although these seminars are available to the public, SFA may tailor each seminar's focus to a particular type of potential client (i.e. young professionals, retirement plan participants, etc.). Although these seminars are conducted with the aim of identifying new potential clients, SFA may charge a modest fee for attendance. The fees received from these events are used to offset the costs of hosting (i.e. venue charges, materials, food service, etc.).

### **Retirement Plan Rollovers – No Obligation / Conflict of Interest**

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If we recommend that a client roll over their retirement plan assets into an account to be managed by us, such a recommendation creates a conflict of interest if we will earn a new (or increase our current) advisory fee as a result of the rollover.

### **Client Service and Client Imposed Restrictions**

In performing any of the above services, SFA is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. SFA may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if SFA recommends its or its affiliates own services.

Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets not be sold for tax reasons) if, in SFA's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts. With respect to SFA's financial planning and/or consulting services, the client is under no obligation to act upon any of the recommendations made by SFA or to engage the services of any such recommended professional, including SFA itself. The client

retains absolute discretion over all such implementation decisions and is free to accept or reject any of SFA's recommendations.

Clients are advised to promptly notify SFA in writing if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon SFA's management services.

## Family Wealth Services

In addition to the asset management services described above, certain high net worth Clients may also be serviced by our family wealth division, Sequoia Sentinel. Additional services that may be offered to family wealth Clients include:

## Aggregation Platforms

SFA may provide its Clients with access to an online platform to allow a Client to view their complete asset allocation, including those assets that SFA does not manage (the "Non-Managed Accounts"). SFA does not provide investment management, monitoring, or implementation services for the Non-Managed Accounts. Therefore, SFA shall not be responsible for the investment performance or data integrity of the Non-Managed Accounts. Rather, the client and/or their advisor(s) that maintain management authority for the Non-Managed Accounts, and not SFA, shall be exclusively responsible for such investment performance. If the aggregation platform also provides access to other types of information and applications, including financial planning concepts and functions, those additional concepts and functions should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by us. Finally, we shall not be held responsible for any adverse results or incorrect information a client may experience if the client engages in financial planning or other functions available on the aggregation platform without SFA's assistance or oversight.

### **Selection and Reporting on Other Investment Managers**

We also offer our Armada consulting services to clients through our selection and monitoring of other investment managers. The service is generally available only to clients with assets in excess of \$10 million.

The process includes developing a written investment policy statement for the client. Then we assist the client with interviewing other investment managers, including illiquid alternative investments (hedge funds, private equity, real assets, etc.). After the investment managers are selected, the assets are invested by our firm and by the other investment managers according to the investment policy statement. Assets would typically be held by 2 or 3 custodians. For reporting

purposes, we will aggregate assets held by all investment managers and report on a periodic basis, not less than quarterly.

### **Trust Support Services**

Trustee Support Services are designed with the trustee or trust creator in mind. SFA provides a bundle of services through third party providers to assist a trustee in performing their required duties in a manner consistent with the spirit of the trust while serving all trust stakeholders effectively and efficiently. The bundle of services may include: Fiduciary Consulting, Trust Accounting & Tax Compliance, Investment Management & Advice, Operational Execution and Beneficiary Wealth Planning. SFA does not provide the Trust Accounting & Tax Compliance nor the Operational Execution portion of the bundled services.

### **Assets Under Management**

Please see Section 5 of our Form ADV for details related to our Assets Under Managements ("AUM") As of December 31, 2024, SFG has over 22.6 billion in AUM

### **Our Business Continuity Plan**

Our Firm's business continuity plan is designed to meet the needs of our clients and minimize potential disruption in services during an emergency or disaster. The protocols and capabilities within the plan include:

- Sufficient technical infrastructure and network capacity to support employees working from home in specific areas, or companywide.
- Secure, remote access for all employees
- Videoconference capability in place for employees
- Redundancy capabilities within each of our business units

## **Item 5 – Fees and Compensation**

### **Wealth Planning Service Fees**

SFA may charge a fee for preparing a formal Financial Plan beginning at \$1,500 and may increase it depending on the type and complexity of the Financial Plan. Additional Wealth Planning Services can be provided which may include retirement planning, investment planning, insurance planning, college planning, tax planning, estate planning, charitable planning, and business succession planning. Fees vary by Client based on the scope of the engagement and the complexity of the planning situation, among other factors.

Clients can authorize SFA to deduct their planning fees directly from their investment management or other account(s). Clients can elect to be billed directly with payment due upon receipt of the plan or via an automated payment system. Terms and process will be noted in the client agreement. Fees are negotiable and communicated to the client in a written agreement prior to entering the

planning process. Wealth Planning Fees may also be waived or included as part of a flat fee if a Client decides to engage SFA for Asset Management Services.

### **Wealth Planning Service Fee Schedule: New Financial Plans**

<b>Plan Type</b>	<b>New Financial Plan Fee</b>
Financial Independence Plan	\$1,500
Estate Review	\$3,000
Basic Financial Plan	\$3,500
Comprehensive Financial Plan	\$5,500
Wealth Management Plan	\$10,000/Negotiated fee

### **Wealth Planning Services Fee Schedule: Plan Updates and Monitoring Services**

Plan updates and ongoing monitoring service fees are determined as a percentage of the original plan level purchased or as a fixed retainer. Fees are negotiable and communicated to the client in a written agreement prior to entering the planning process.

In certain circumstances, Clients may contract with SFA to assess their financial information prior to engaging financial planning services. Fees to complete the initial assessment can be charged hourly, fixed or as a retainer based on the scope of the services provided and agreed to in writing.

SFA has other legacy fee arrangements for planning services that are not offered to new clients.

## **Investment Management Service Fees**

Fees for investment management services are charged as a percentage of assets under management or as a fixed retainer. The actual fee charged to each Client is negotiable based on factors such as the Client's financial situation and circumstances, the amount of assets under management or review, and the overall number and complexity of the services provided. The exact services and fees will be agreed upon and disclosed in the client agreement before investment management services are provided. Accounts listed with the same billing schedule will be aggregated together for breakpoint advantages as noted in the client agreement.

Fees for investment management services are billed using one of the following methods:

1. Quarterly in advance based on the value of the investments within the account on the last business day of the previous quarter. However, the portfolio's initial fee will be charged based on the day the assets are deposited into the custodial account and calculated for the remaining days in the quarter and is combined with the fees charged at the beginning of the next quarter. Fees will be pro-rated for each net capital flow

made during the applicable calendar quarter (reduction in fee for withdrawals during the quarter and addition to fee for deposits based on days in account). Accrued interest, accrued dividends, and pending transactions will be included in the value used to assess the management fee. For certain legacy clients, new accounts or deposits to existing accounts have a minimum amount before they are charged a prorated fee.

2. Quarterly in arrears, based on the value of the account at the close of the last business day of the quarter. Fees are generally billed and debited from the Client's account held at custodian. In some instances, Clients receive a fee invoice and remit payment to SFA via check or wire. The fee invoice shall set forth the amount of the fee SFA will bill the Client for services provided for partial quarters. Clients are billed for partial quarters for services provided.
3. Monthly in advance. The fee will be calculated based on the value of the account on the last business day of the prior calendar month, including any accrued interest. The initial monthly fee will be a pro-rated portion of the fee based on the number of days remaining in the calendar month.
4. A fixed amount, billed in arrears or advance as described in the Client agreement, which may be adjusted periodically.

While this is our current standard fee schedule, fee arrangements may vary and are specified in client agreements. Some legacy fee arrangements may be linear and not tiered per client agreements and may be higher or lower than the schedule noted above. Clients' fees are negotiable and may vary depending upon client's individual situation and needs.

For purposes of calculating asset-based fees, Client assets are generally valued based on the value ascribed to the assets by the Client's custodian. However, shares of or interests in mutual funds, hedge funds, private equity funds and similar pooled investment vehicles will be based on prices provided by the fund itself. In addition, SFA may, in good faith, value certain other assets at fair market value, pursuant to its written valuation procedures.

Asset Management Service fees will be charged to most Clients through the direct debit of fees from the account(s) held with their qualified custodian, as described in the client agreement. Each quarter, SFA will notify the client's qualified custodian of the amount of the fee due and payable to SFA pursuant to the firm's fee schedule and the client's agreement. The qualified custodian will not validate or check SFA's fees, the calculation or the assets on which the fee is based. With the client's pre-approval, the qualified custodian will "deduct" the fee from the client's account or, if the client has more than one account, from the account the client has designated to pay fees or pro rata across the accounts. Clients will receive a statement from the qualified custodian, at a minimum, quarterly, showing all disbursements, including fees, from their account.

In limited circumstances, SFA may agree to bill Clients directly for services rendered. SFA will issue an invoice for the fee amount and the client will pay SFA with check or wire transfer, payable on receipt.

Fees are calculated on an account-by-account basis. Client accounts aggregated for billing purposes are either specified in the Client agreement or agreed upon separately. If accounts are to be aggregated, any accounts with separate discounts will be excluded from the aggregation. Unless otherwise noted, cash is considered an asset class within the portfolio and included in billing.

In some accounts there are certain manually priced securities that are valued on a more infrequent basis. In this instance, a valuation other than the end of the preceding quarter could be used for fee billing purposes, including valuing the security at cost. Private and alternative investments will generally be valued at cost, unless the General Partner, Administrator, or Custodian provides us with material that clearly, in our reasonable discretion, demonstrates a market value higher or lower than its cost, in which case such securities will be valued at such higher or lower amount as reasonably determined by the SFA Valuation Committee. Alternatively, SFA and Client could mutually agree to charge a flat fee on these types of assets. SFA does not determine the value of any Client asset where custodial values are provided.

Clients may have the opportunity to borrow funds on margin. In these instances, clients are billed on the investment balances not the net account value. Margin loans create a conflict of interest in that they encourage clients to have a higher balance that increases revenue to the advisor.

Either the client or SFA may terminate an agreement for investment advisory services at any time. If services are terminated by the client within five (5) business days of executing the client agreement, services will be terminated without penalty and no fees shall be due. Upon termination of an account after 5 days, pre-paid, unearned fees will be refunded. SFA will be entitled to a fee, pro-rated for the number of days in the fee period prior to the effective date of termination for the account, which is the date in which the last asset transferred out of the account, or when the client account was removed from any association with SFA. There will be no penalty charge upon termination.

SFA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third party investments and other third parties such as fees charged by managers, sub-advisers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. SFA does not receive any portion of these commissions, fees, and costs.

Mutual funds exchange traded funds, hedge funds, private equity funds and other pooled investment vehicles also charge internal management fees which are disclosed in a fund's prospectus or other offering materials. One of our privately offered funds, available only to

“Qualified Purchasers” and / or “Qualified Clients” (as defined by the Securities and Exchange Commission) charge a performance fee, which is a fee charged in addition to our management fee if the fund reaches a level of performance stated in the fund’s offering documents. Item 12 further describes the factors that SFA considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

SFA does not receive any portion of these commissions, fees, and costs. SFA and its Investment Advisor Representatives do not receive 12b-1 fees.

We charge clients utilizing Armada consulting services a quarterly fee, in addition to the fee for investment management services, for providing a comprehensive multi-advisor investment solution that includes (1) universal investment policy statement, (2) investment advisor selection process, and (3) consolidated reporting on all assets. The fee is based on total assets managed by all investment advisors, which potentially could include our firm.

In certain circumstances, non-Investment Advisory Representatives affiliates or personnel of our firm receive compensation in the form of commissions or 12b-1 fees from products purchased by clients of SFA. See item 10 for additional information.

## Retirement Plan Services Fees

SFA will take into account many factors when determining the resulting fee including: the client’s overall relationship with SFA, the level and scope of services required, anticipated future flows, dollar amount of managed assets and plan complexity.

### Methods of Payment

SFA fee payments will be invoiced in advance, at the beginning of each calendar quarter, unless the retirement plan record keepers require billing to occur in arrears. The sponsoring employer may pay our fee directly out of company assets and utilize that expense as a tax deduction, without using plan assets to pay the fee. The sponsor also retains the discretion to direct the fee to come from the value of plan assets. This allows the fee to be prorated across all participants, and for them to share in the fee. In this instance, the plan sponsor will direct the Plan to pay our fee.

## Trustee Support Services’ Fees

SFA charges a set-up fee for Trustee Support Services ranging from \$0 to \$2,500, depending on the complexity of a Trust. The set-up fee is in addition to investment management fees noted above. Services may include consulting, investment management/advice, trust accounting and record keeping, and beneficiary wealth planning. Fees vary by Client, the scope of the engagement, and the complexity of the financial situation, among other factors.

Sequoia does not provide legal, tax, or accounting advice, estate document preparation, insurance implementation or tax preparation services. If a client requests this type of assistance, Sequoia



may recommend other professionals to deliver these services. Clients are under no obligation to follow Sequoia's recommendations or to engage the services of any of these professionals. If a client does engage any of these recommended professionals, and a dispute occurs, the client agrees to seek recourse exclusively from the professional they have directly engaged. Please see item 10 for a complete description of our referral partners and the conflicts of interest present within these relationships.

## General Information

Clients should note that similar investment advisory services may (or may not) be available from other firms for similar or lower fees.

Fees in excess of \$1,200 are not collected more than six months in advance of services rendered but can be accommodated per the Clients request based on certain mutually agreed upon circumstances.

SFA reserves the right to modify fees at its discretion, subject to Client notification in accordance with applicable laws and regulations. Item 12 (*Brokerage Practices*) further describes the factors that SFA considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of broker-dealer compensation (e.g., commissions).

SFA acts as General Partner, Managing Member or Advisor to several private funds ("Funds"), each exempt from registration under Regulation D. These Funds are available only to certain qualified investors pursuant to the respective Fund's offering documents. Information regarding the funds' fees, expenses, risks and investment objectives can be found in the Funds' offering documents.

We recommend our Funds to our Clients, which creates an inherent conflict of interest in achieving scale and lowering the expense ratios for each Fund.

SFA does currently manage legacy private funds that charge Clients a fund-level management fee, and / or a performance fee, creating a conflict of interest in recommending them to clients of SFA. SFA mitigates this conflict by not offering investment in these Funds to new investors or Clients.

Additionally, Clients that terminate their relationship with SFA, but remain in one or more of the funds, may be assessed a management fee by the Fund(s), as described in the fund offering documents.

Some of SFA's team members receive compensation based on the addition of new clients and services as well as maintain existing clients and services. This creates a conflict of interest due to the incentive to solicit prospective clients.

## Item 6 – Performance-Based Fees and Side-By-Side Management

We charge a performance fee for one of our private funds (the Focus Fund) and for a separate client account. When we charge a performance fee (fees based on a share of capital gains on or capital appreciation of the assets of a Client), we have an incentive to maximize gains in that account (and, therefore, maximize its performance fee) by making investments for that account that are riskier or more speculative than would be the case in the absence of a performance fee. We also have an incentive to favor accounts for which we charge a performance fee over other types of client accounts, by allocating more profitable investments to performance fee accounts or by devoting more resources toward the management of those accounts. We seek to mitigate the conflicts that may arise from managing accounts that pay a performance fee by continually monitoring and enforcing our policies and procedures, including those related to investment allocations. These fee structures stem from legacy arrangements and are not offered to new investors.

## Item 7 – Types of Clients

Sequoia Financial Advisors provides wealth planning and investment advisory services to individuals, high net worth individuals, charitable institutions, foundations, corporations, trusts, family offices, private fund(s), retirement plan and other U.S. institutions.

SFA does not currently impose a minimum account value for investment management services.

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

### Methods of Analysis

We use the following methods of analysis in formulating investment advice and/or managing Client assets:

- **Fundamental Analysis:** Typically involves analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.
- **Technical Analysis:** Involves analyzing past market movements and applying that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

- Cyclical Analysis: Involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

SFA may also utilize financial newspapers and magazines, research materials provided by other financial institutions (i.e. Custodian), Morningstar®, Bloomberg, Factset, Strategas, and various financial publications for historic information, to assist in making security selection decisions. We may also use other publicly available programs for additional information during our research.

SFA utilizes investment company products. Assets may be invested in no-load mutual funds, exchange-traded funds (ETFs), individual stocks, and individual bonds through our custodial arrangements. Our custodial relationships enable us to obtain many no-load mutual funds without transaction charges and other no-load and load waived funds at nominal transaction charges as well as access to many institutional funds. Although most trades are mutual funds, exchange-traded funds, or individual stocks, where trade aggregation may not provide any Client benefit, when funds do allow for qualifying purchases of institutional shares based on the size of our relationship with them, our Clients do benefit by having access to institutional shares that typically have lower expense ratios than the retail versions of the same funds. Stock and bonds may be purchased or sold through a custodial account when appropriate for the Client.

### **Research Process – Overall**

The SFA Research Process focuses on identifying, recommending, and monitoring investment opportunities with a goal of attaining long-term, risk-adjusted returns. SFA adheres to a well-defined analytical process based on diligent research. This process involves three steps, including initial screening, quantitative analysis, and qualitative analysis that are utilized to distinguish the most attractive investments within an asset class and investment style.

SFA focuses on the investment managers' tenure, as well as the size and expenses of the fund. We also take into account quantitative measures which may include performance, consistency of returns, and diversification, among others, along with qualitative measures ranging from compensation structures, investment philosophy, and investment manager experience and background.

The SFA research process also applies to investments for the Funds where SFA is the Investment Manager. These investments may include direct investments in private equity, private credit, real-estate, and other non-traditional assets.

SFA may utilize research provided by third parties, custodians, or through paid consultants.

### **Investment Policy Committee**

SFA's Investment Policy Committee and Investment Committee Members determine overall investment strategies for SFA. The SFA Investment Policy Committee Voting Members are made up of seasoned investment professionals, who hold various industry designations.

Overall equity market valuations and economic fundamentals drive the Investment Committee's allocation decisions when determining the amount of each asset allocation strategy's exposure to equity, fixed income, alternative assets and cash for each risk profile/investment objective. The committee may utilize specific securities or third-party managers to implement investment decisions. Investment decisions are generally made based on the following factors:

1. Analysis of the investment process used by the fund or manager
2. The adherence of the fund or manager to its stated investment process
3. Expenses incurred by the fund or manager
4. Investment performance of the fund or manager relative to appropriate benchmarks and its peer group

### **On-Going Monitoring – Overall**

SFA provides research, conducts due diligence and provides a listing of recommended money managers, mutual funds, ETFs, ETNs, individual stocks, and alternative assets to our advisors. We generally review the Forms ADV, prospectus, or similar documents combined with industry specific fundamental analysis and other analysis if deemed appropriate. Our due diligence process may include (but is not limited to) interviews with company management, changes in underlying portfolios, portfolio risk metrics, key personnel, discussion with industry experts, and analysis from databases generated from internal and external sources. SFA may also engage third party due diligence firms where appropriate.

## **Investment Strategies**

Our goal is to allocate the Client's portfolio with the appropriate asset mix to optimize portfolio return based on the Client's investment objective and risk tolerance. The purpose of asset allocation is to seek to improve overall portfolio performance and reduce volatility by diversifying the Client's investments. SFA may also implement an Investment Policy Statement ("IPS") customized to a specific Client.

SFA advisors review client needs at least annually, although in some cases, more frequently based on changes in a Client's stated condition or objectives, or changes in economic and market conditions. Client portfolios with similar investment objectives and asset allocation goals may own different securities. The SFA Investment Committee performs a quarterly review of all model asset allocations to determine if rebalancing is necessary. If a decision is made to make adjustments to the model(s), SFA will initiate a rebalance of accounts associated with the model(s) to bring client accounts in line with the updated model allocation. To rebalance an account, we buy and sell shares of the individual securities in an account until its holdings match the underlying securities' weight percentages specified for the asset allocation strategy. These changes may create tax consequences or incur redemption fees in some funds.

## Principal Risks of Investing

Investing in securities involves risk of loss that Clients should be prepared to bear. The significant risks are loss of portfolio value and illiquidity of a security (i.e., the inability to sell a security within a reasonable timeframe due to low trade volume and lack of interest). Risk is measured at both a security and portfolio level. Investment strategies used to implement any investment advice given to Clients includes long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions and option writing including covered options and uncovered options or spreading strategies.

Despite the analysis undertaken by SFA's analysts, it is important to remember that all investments carry at least some degree of risk. Risk may include loss of some, or even all, of your investment. No particular type of investment, or approach to investing, is guaranteed to perform well, and there may be other investment vehicles, portfolio managers or approaches not offered by SFA that may perform as well or better. You should consider these factors carefully before deciding to invest.

Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry.

The risks associated with the investments SFA uses in the portfolio products are described below. Not every risk described below is applicable for every strategy we offer, or advice we provide.

### **Management Risk**

Portfolios are subject to management risk because each account is an actively managed portfolio. SFA's management practices and investment strategies might not produce the desired results.

### **Market Risk**

The prices of the securities in which SFA invests may decline for a number of reasons including in response to economic developments, factors relating to the company, and market activity.

### **Adjustable Rate and Floating Rate Securities Risks**

Although adjustable and floating rate debt securities tend to be less volatile than fixed-rate debt securities, they nevertheless fluctuate in value.

## **Alternative Investments and Derivatives**

Mutual funds used in the SFA's portfolios may invest in alternative investments strategies or derivatives that are often more volatile than other investments and may magnify the vehicle's gains and losses. A derivative is a security or contract (futures, options etc.) the value of which fluctuates with the value of another security (i.e., its value is "derived" from the value of another). An investment vehicle that uses derivatives could be negatively affected if the change in market value of its securities fails to correspond as expected to the underlying securities.

Alternative investment products are not for everyone and entail risks that are different from more traditional investments. Alternative investment strategies are intended for sophisticated investors and involve a high degree of risk, including, among other things, the risks inherent in investing in securities and derivatives, using leverage, and engaging in short sales. An investment in an alternative investment product or strategy may be considered speculative and should not constitute a complete investment program. Diversification and strategic asset allocation do not assure a profit or protect against loss in declining markets. The potential for a commodity investment vehicle to use derivative instruments, such as futures, options, and swap agreements, to achieve its investment objective may create additional risks that would not be present in the underlying securities themselves, thus raising the potential for greater investment loss.

## **Bank Loans Risks**

Investments in bank debt involve credit risk, interest rate risk, liquidity risk and other risks, including the risk that any loan collateral may become impaired or that we may obtain less than the full value for the loan interests when sold.

## **Closed-End Funds Risks**

Closed-end funds are investment companies that generally do not continuously offer their shares for sale. Rather, closed-end funds typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market, Inc. Closed-end funds are subject to management risk because the adviser to the closed-end fund may be unsuccessful in meeting the fund's investment objective. Moreover, investments in a closed-end fund generally reflect the risks of the closed-end fund's underlying portfolio securities. Closed-end funds may also trade at a discount or premium to their NAV and may trade at a larger discount or smaller premium subsequent to purchase by a Fund. Closed-end funds may trade infrequently and with small volume, which may make it difficult for a portfolio to buy and sell shares. Closed-end funds are subject to management fees and other expenses that may increase their cost versus the costs of owning the underlying securities. A Fund may also incur brokerage expenses and commissions when it buys or sells closed-end fund shares.

## **Concentration Risk**

Portfolios that invest a significant portion of assets in a small or limited number of securities, a single specific or closely-related sectors, industries, a specific region or country, may involve

greater risks, including greater potential for volatility, than more diversified portfolios. The value of these holdings will vary considerably in response to changes in the market value of the securities that represent these sectors, industries, or regions.

### **Covered Calls**

Mutual funds that engage in the selling (or writing) of covered calls may involve a high degree of risk and may not be suitable for all investors. For a call option that is sold (written), if that option is exercised, the upside potential is limited to the premium received plus the difference between its stock price and the stock purchase price. If the option is not exercised and expires out-of-the-money and with no value, the upside potential is any gain in share value plus the premium received. On the downside, limited protection is provided by the premium received from the call's sale. The loss potential may be substantial and is limited only by the stock declining to zero.

Investors should read and understand the risks associated with options prior to engaging in any covered call strategy. These risks are more fully described in the booklet entitled "The Characteristics & Risks of Standardized Options", which can be accessed at [optionsclearing.com](http://optionsclearing.com).

### **Credit Risk**

The issuers of the bonds and other debt securities held in the portfolio product may not be able to make interest or principal payments.

### **Currency Risk**

If invested in non-U.S. securities, portfolios are subject to the risk that foreign currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.

### **Depository Receipts (DR) Risks**

DRs may be subject to certain of the risks associated with direct investments in the securities of foreign companies, such as currency risk, political and economic risk and market risk, because their values depend on the performance of the non-dollar denominated underlying foreign securities. Certain countries may limit the ability to convert DRs into the underlying foreign securities and vice versa, which may cause the securities of the foreign company to trade at a discount or premium to the market price of the related DR. In addition, holders of unsponsored DRs generally bear all the costs of such facilities and the depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such DRs in respect of the deposited securities. DR holders may not enjoy all the rights and benefits of the holders of ordinary shares, in that they may have a limited ability to participate in corporate actions and vote proxies; they may incur additional fees and may have differing tax consequences from the holders of ordinary shares. Certain strategies may also be offered in an American Depositary Receipt ("ADR")-only format. An ADR-only format may present certain limitations with respect to the range of possible investments

and available issuers as opposed to other formats. The ADR only format may result in added issuer risk and less account diversification.

### **Foreign Securities Risk and Emerging Markets Risk**

SFA may invest a significant portion of assets in securities of foreign issuers denominated in U.S. dollars, including issuers in emerging markets. Foreign economies may differ from domestic companies in the same industry. Investment in emerging markets involves additional risks, including less social, political and economic stability, smaller securities markets and lower trading volume, restrictive national policies and less developed legal structures. Foreign companies may be subject to less regulation than U.S. companies.

The value of SFA's foreign investments may be adversely affected by changes in the foreign country's exchange rates, political and social instability, changes in economic or taxation policies, decreased liquidity and increased volatility.

### **Gold**

SFA may invest in ETFs that invest in gold bullion. Several factors affect the price of gold, including global supply and demand; global or regional political, economic or financial events and situations; investors' expectations with respect to the rate of inflation; currency exchange rates and interest rates. There is no assurance that gold will maintain its long-term value in terms of purchasing power in the future. The price of gold has fluctuated widely over the past several years and may experience significant volatility.

### **Government-Sponsored Entities Risk**

SFA may invest in securities issued or guaranteed by government-sponsored entities, including GNMA, FNMA and FHLMC. However, these securities may not be guaranteed or insured by the U.S. Government and may only be supported by the credit of the issuing agency.

### **Interest Rate Risk**

In general, the value of bonds and other debt securities falls when interest rates rise. Longer term obligations are usually more sensitive to interest rate changes than shorter term obligations.

### **Liquidity Risk**

Low or lack of trading volume may make it difficult to sell securities held in the portfolio product at quoted market prices.

### **Long/Short Positions**

Investment vehicles, such as mutual funds and ETFs, used in the Strategies may employ the use of long and short positions, which may involve risks different from those normally associated with other types of investment vehicles. It is possible that the fund's long positions will decline in value at the same time that the value of the securities sold short increases,



thus raising the potential for greater investment loss. Market neutral investing, in using long and short positions, provides no guarantee that it will be successful in limiting the fund's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Investment in a strategy involved in long and short selling may have higher portfolio turnover rates, which may result in additional tax consequences. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

### **Municipal Securities Risks**

Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers, and the possibility of future tax and legislative changes that could affect the market for and value of municipal securities. These risks include: (i) General Obligation Bonds Risk -- timely payments depend on the issuer's credit quality, ability to raise tax revenues and ability to maintain an adequate tax base; (ii) Revenue Bonds (including Industrial Development Bonds) Risk -- these payments depend on the money earned by the particular facility or class of facilities, or the amount of revenues derived from another source, and may be negatively impacted by the general credit of the user of the facility; (iii) Private Activity Bonds Risk -- Municipalities and other public authorities issue private activity bonds to finance development of industrial facilities for use by a private enterprise; the private enterprise pays the principal and interest on the bond, and the issuer does not pledge its full faith, credit and taxing power for repayment; (iv) Moral Obligation Bonds Risk -- moral obligation bonds are generally issued by special purpose public authorities of a state or municipality; if the issuer is unable to meet its obligations, repayment of these bonds becomes a moral commitment, but not a legal obligation, of the state or municipality; (v) Municipal Notes Risk -- municipal notes are shorter-term municipal debt obligations that pay interest that is, in the opinion of bond counsel, generally excludable from gross income for federal income tax purposes (except that the interest may be includable in taxable income for purposes of the federal alternative minimum tax) and that have a maturity that is generally one year or less; if there is a shortfall in the anticipated proceeds, the notes may not be fully repaid, and the strategy may lose money; and (vi) Municipal Lease Obligations Risk -- in a municipal lease obligation, the issuer agrees to make payments when due on the lease obligation, although the issuer does not pledge its unlimited taxing power for payment of the lease obligation, the lease obligation is secured by the leased property. To be tax exempt, municipal bonds must meet certain regulatory requirements. If a municipal bond fails to meet such requirements, the interest received by the strategy from its investment in such bonds may be taxable. It is possible that interest on a municipal bond may be declared taxable after the issuance of the bond, and this determination may apply retroactively to the date of the issuance of the bond, which could cause a portion of prior distributions made by a strategy to be taxable in the year of receipt. It is also possible that future legislation or court decisions would adversely affect the tax-exempt status, and thus the value, of municipal bonds or certain categories thereof.

**Portfolio Turnover Risk**

A high portfolio turnover rate (100% or more) has the potential to result in the realization and distribution to shareholders of higher capital gains, which may subject you to a higher tax liability. A high portfolio turnover rate also leads to higher transactions costs.

**Prepayment Risk**

Prepayment risk is the risk involved with the premature return of principal on a fixed-income security.

**Risks Associated with High Yield Securities**

SFA may invest in high yield securities.

Securities with ratings lower than BBB or Baa are known as “high yield” securities (sometimes referred to as “junk bonds”). High yield securities provide the potential for greater income and opportunity for gains than higher-rated securities but entail greater risk of loss of principal.

**Risks Associated with Inflation and Deflation**

Inflation risk is the risk that the rising cost of living may erode the purchasing power of an investment over time. Deflation risk is the risk that prices throughout the economy decline over time – the opposite of inflation.

**Risks Associated with Mortgage-Backed Securities**

These include Market Risk, Interest Rate

Risk, Credit Risk, Prepayment Risk as well as the risk that the structure of certain mortgage-backed securities may make their reaction to interest rates and other factors difficult to predict, making their prices very volatile.

**Small- and/or Mid-Cap Issuer Risk**

Small and midsize companies carry additional risks because the operating histories of these companies tend to be more limited, their earnings and revenues less predictable (and some companies may be experiencing significant losses), and their share prices more volatile than those of larger, more established companies. The shares of smaller companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and SFA’s ability to sell these securities. These companies may have limited product lines, markets or financial resources, or may depend on a limited management group. Some investments will rise and fall based on investor perception rather than economic factors. Other investments are made in anticipation of future products, services or events whose delay or cancellation could cause the stock price to drop.

**Exchange-Traded Funds**

There are special risks associated with ETFs, such as: ETF shares are not individually redeemable; the market price of ETF shares may differ from the net asset value; an active trading market for ETF

shares may not exist and if it does exist, it may not be maintained over time; and trading of ETF shares may be halted by regulators under certain circumstances. Certain ETFs may have elected to be treated as partnerships for federal, state and local income tax purposes. You should consult your tax advisor in determining the tax consequences of any investment. For more information on tax handling and certain ETF expenses, refer to the ETFs' prospectus.

### **Exchange-Traded Notes**

Exchange-Traded Notes are a type of senior, unsecured, unsubordinated debt security of the issuing company. This type of debt security differs from other types of bonds and notes because ETN returns are generally based upon the performance of a market index minus applicable fees, no periodic coupon payments are distributed, and no principal protection exists. Similar to ETFs, ETNs are generally traded on a securities exchange. Investors can also hold the debt security until maturity. At that time, the issuer is obligated to give the investor a cash amount that would be equal to the principal amount times the applicable index factor less investor fees. The index factor on any given day is a mathematical equation equal to the closing value of the underlying index on that day divided by the initial index level.

ETNs are subject to credit risk and liquidity risk that may impact the price received upon disposition of the notes. Additional risks of investing in ETNs include limited portfolio diversification, price fluctuations, issuer default, uncertain principal repayment, and uncertain federal income tax treatment. The performance of the ETNs may vary from the actual performance of the underlying index and the performance of the underlying index components. By investing in ETNs, the owner does not have certain rights that investors in the underlying index or the underlying index components may have, such as stock voting rights.

### **Options Trading**

A securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.

### **Sub-Adviser Selection**

The evaluation and selection of sub-advisers and third-party money managers is a significant focus of SFA's research. SFA researches a variety of sub-advisers and third-party money managers

managing assets in many different investment vehicles including but not limited to separately managed accounts, mutual funds, exchange-traded funds, hedge funds and private equity funds.

SFA employs quantitative and qualitative methods in its sub-adviser and third-party money manager evaluation. Quantitative analysis generally consists of evaluating performance, risk and investment style. This analysis provides valuable insight into how a manager has performed in the past. While past performance is not an indicator of future performance, a careful quantitative analysis of historical returns can be useful in certain evaluative methods, for the general understanding of what the future may hold, especially so when viewed within the context of other forms of evaluation.

In addition, SFA also employs qualitative analysis in its analysis of sub-advisers and third-party money managers. Such an evaluation is generally performed by reviewing information that is publicly available, obtained from requested written materials, and/or interviewing managers directly. This qualitative analysis attempts to provide insight into the firm, its culture, investment process, and current positions.

The relative importance of quantitative and qualitative methods varies by asset class, security type and manager type. There is not one standard factor, or a standard set of factors used in manager selection decisions.

While no investment research method is foolproof, SFA seeks to identify sub-advisers and third-party money managers who have demonstrated above-average investment results with minimal volatility and poor investment performance.

SFA's sub-adviser and third-party money manager evaluation process is on-going. Once selected, SFA regularly monitors the sub-advisers and third-party money managers, to reasonably assure that such sub-advisers and third-party money managers continue to demonstrate knowledge and expertise in their particular investment strategy. SFA reserves the right to change or terminate sub-advisers and third-party money managers, without prior notification, if and when SFA believes that a change is warranted.

**Cybersecurity Risk:** The computer systems, networks, and devices used by SFA, and service providers to SFA and our clients to carry out our business operations engage a variety of safety measures designed to prevent interruption from computer viruses, systems failures, infiltration by unauthorized persons and other security breaches. Despite the various protection efforts employed, systems, networks and/or devices can be breached. SFA and clients could be negatively impacted as a result of a cybersecurity breach. For example, cybersecurity breaches may cause disruptions in business operations which in turn may potentially result in a financial loss to a client; the inability by us and/or other services providers to transact business; violations of applicable privacy laws; the inadvertent release of confidential information, regulatory fines, penalties and/or

reputational damage. Similar adverse consequences could apply to issuers of securities in which a client invests, exchange and other financial market operators, government authorities, banks, or other financial institutions, among other parties.

**Real Estate Investment Trusts (REITs).** Investment in REITs are subject to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local or general economic condition, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. Investments in REITs are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real estate values and general and local economic conditions.

**Public Health Risk:** Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu, and, most recently, the coronavirus. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, has a negative impact on the economy, and business activity in any of the countries in which the Advisor may invest and thereby adversely affect the performance of the client account.

**Alternative Investments:** Alternative investments generally possess risks greater than the risks of traditional investments. The underlying investments contained within the alternatives securities typically involve market risk, conflict of interest risk, higher fees, liquidity risk, less regulation, default risk, counter party risk, leverage risk, interest rate risk, manager risk, market timing risk, short selling risk, diversification risk, operational risk valuation risk, and foreign exchange risk. Alternative investments are often more volatile than traditional investments such as stocks and bonds.

**Hedge Funds:** Hedge funds are alternative investments that seek to derive a return other than just buying and holding equity or fixed income positions but rather use various strategies seeking to earn active return, or alpha, for their investors. Hedge funds may be aggressively managed or make use of derivatives and leverage in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark). Certain types of hedge funds have lower correlations with a traditional portfolio of stocks and bonds, and thus allocating an exposure to hedge funds could help to diversify a portfolio. Hedge funds may be in the form of private placements or as a registered 1940 Act mutual fund. A non-exhaustive list of risks in investing in hedge funds includes high expense ratios, manager risk, liquidity risk, derivatives risk, counterparty risk, as well as the risks of any underlying securities utilized in the strategy (such as options, futures, equities, fixed income, foreign securities, short selling, private placement risk, and others). Many of the risks stated above apply to the SFG Multi-Strategy Fund managed by SFA.

**Private Equity:** Private equity funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment. Private equity funds include high expense ratios, can be highly illiquid, can be difficult to provide accurate pricing or valuation information to investors, and may be delayed in distributing important tax information to investors. Other risks of private equity funds include manager risk, non-diversification risk, economic risk and the risks of the underlying companies in which the private equity fund is invested.

**Business Development Companies (BDCs):** BDCs are entities that lend to young, thinly traded, distressed, or firms with lower credit ratings that may not be able to access capital through other sources. The holdings with a business development company may involve credit/default risk, market risk, and liquidity risk. Business development companies may assess higher fees which can eat into potential returns. Business development companies may experience higher volatility than traditional investments. In addition, the publicly traded shares of business development companies may trade at a discount or premium to the underlying asset value of its holdings.

## Item 9 – Disciplinary Information

SFA is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SFA or the integrity of its management. Our firm and our management personnel have no reportable legal or disciplinary events to disclose.

## Item 10 – Other Financial Industry Activities and Affiliations

### Sequoia Tax Services, LLC

Sequoia Tax Services (“STS”) provides tax return preparation services for a fee to individuals and trusts and estates, including clients of SFA. Clients who engage STS may pay a separate fee, or STS services will be included in the fee paid to SFA. All arrangements will be specified in the client agreement and / or STS engagement letter. SFA and STS are under common ownership, this creates a conflict of interest in SFA personnel recommending the services of STS.

### CCM Global Equity ETF

SFA serves as a subadvisor to an affiliated exchange traded fund—the CCM Global Equity ETF (the “Affiliated ETF”). SFA may recommend and use its investment discretion to invest clients in the Affiliated ETF. Depending on a client’s investment strategy and asset allocation, SFA can invest up

to 100% of a client's account in the Affiliated ETF. This arrangement creates a conflict of interest as SFA stands to receive a portion of the fee a client incurs investing in CCM Global Equity ETF in addition to the fees described in Item 5.

## **American Center for Philanthropy**

ACP is an independent, non-profit organization established in 2001 to provide individuals options in managing their charitable giving. ACP is recognized as a tax-exempt public charity as described in Sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(vi) of the Internal Revenue Code (IRC) of 1986, as amended. SFA plays a role in the administration of ACP by handling new account openings, grant processing, account changes, transfers, and board communications. SFA also provides investment management services for clients electing to utilize ACP. SFA receives administrative and investment management compensation from ACP for its services, this arrangement presents a conflict of interest as SFA is incentivized to recommend ACP to clients of SFA. Several SFA personnel serve in executive and administrative capacities for ACP.

## **Cohen & Company Ltd**

SFA engages Cohen & Co Advisory, LLC (Cohen & Co), a non-licensed tax and advisory services firm, at arm's length fees. SFA provides certain Cohen & Co personnel investment advisory services at arm's length fees. SFA also shares certain office space with Cohen & Co under arm's length written agreements. Clients of both firms may be referred to the other, however, no compensation is provided for such a referral and neither firm is obligated to make such a referral.

## **Eide Bailly, LLP**

SFA maintains a referral relationship with Eide Bailly, LLP and its affiliates, (collectively, "EB") a tax and advisory services firm, where SFA pays referral fees for new clients based on a percentage of advisory fees charged by SFA to the client. SFA also shares certain office space EB under arm's length written agreements.

## **Long Road Risk Management Services, LLC/Valmark Policy Management Company, LLC**

SFA has an arrangement with Long Road Risk Management Services, LLC ("LRRM") to provide insurance solutions to Clients including life insurance, disability insurance and long-term care insurance. For Clients that SFA refer to and choose to work with LRRM on certain insurance solutions, SFA receives a benefit in that the same owners of SFA also have an ownership interest in LRRM.

Valmark Policy Management Company, LLC ("VPMC") pays SFA an annual fee for SFA advisors to provide investment advisory services in the nature of advice concerning the management of the Insurance Products and to review the annual VPMC policy report to clients who own them. This fee is paid by VPMC to SFA and will not cost the client additional fees than if they had executed the

insurance solution without SFA's involvement. This arrangement is disclosed to the client prior to executing any insurance solution with LRRM and noted as an addendum to the client agreement.

This practice presents a conflict of interest because people providing investment advice on SFA's behalf have an incentive to recommend LRRM to a client for the purpose of generating compensation rather than solely based on the client's needs. Clients are under no obligation, contractually or otherwise, to buy insurance products from LRRM.

In limited cases, SFA may recommend a client engage LRRM for insurance products where SFA acts as an investment manager for the underlying insurance product. This creates a conflict of interest in the fact that SFA has an incentive to refer clients to LRRM to receive the management fee associated with the insurance product.

## Stavale & Gemmete, PLLC

Our firm and its affiliates have established a relationship with Stavale & Gemmete to utilize their legal services. Clients of our firm are under no obligation to use their services. There is a service fee agreement between the law firm and the investment advisor.

### Other Referral Agreements

SFA maintains several other referral arrangements. SFA will pay a percentage of the advisory fee collected from the Client to the referral source, subject to the terms of an agreement between the two parties. Any Client subject to these referral arrangements complete a disclosure acknowledging the referral relationship.

SFA maintains some referral relationships with former employees, where SFA provides advisory services for them. As they are clients in addition to referral partners, SFA treats the referrals as testimonials. These are the only testimonials utilized by SFA.

SFA also receives ongoing fees from past referrals of clients to third parties. These arrangements are legacy and no longer active.

## Other Arrangements

### Valmark Financial Group

Our firm, including its affiliates SFIA and LRRM, has established a relationship with Valmark Financial Group. A national, independent broker dealer and investment advisor licensed in states across the country. The various entities that comprise Valmark Financial Group specialize in providing equity, investment advisory, risk management/insurance, and qualified retirement plan products and support services for the industry. As part of our process, our professionals could encourage clients to purchase insurance or annuities from a registered representative affiliated with SFA, however, there is no obligation to do so. The registered representative will earn a



commission from the sale of such products if executed. To the extent that our firm recommends insurance, annuity or other products there is a conflict if executed.

## Capital Partners – Common Relationships

We currently have two capital partners, (Kudu Investment Management and Valeas Capital Partners Management) that maintain a minority equity interest in SFA. These capital partners may hold equity interest(s), revenue sharing, and / or credit relationships with one or more separate financial services firms. SFA will, in some cases, recommend our clients utilize the services provided by these firms. This creates a conflict of interest by recommending services where there is underlying common ownership. SFG mitigates this conflict by ensuring separation from the capital partners and the SFA personnel providing any client recommendations. SFA will not permit the recommendation of any product or service from a portfolio company of one of our capital partners if it has been deemed that the recommendation would create any direct economic benefit to any member of Sequoia.

## Fifth Avenue Family Office LLC

Our firm receives a quarterly consolidated reporting fee from Fifth Avenue Family Office for its clients that utilize Armada consulting services. The fee is based on total assets managed by all investment advisors, which potentially could include our firm.

## Relationship with DFA and LPL Financial/Fortigent

We use DFA and LPL Financial/Fortigent, or other investment advisors, to assist in the analysis of investments and development of investment strategies. DFA and LPL Financial/Fortigent collectively provide quarterly investment newsletters. Our firm pays a quarterly fee to LPL Financial/Fortigent for such information. In addition, the relationship with LPL Financial/Fortigent decreases fees that Charles Schwab would otherwise charge our clients for transactions on the Schwab platform.

### Registered Representatives of Valmark

As disclosed above in Item 5, certain SFA employees are also registered representatives of Valmark, a FINRA member broker- dealer. None of the employees registered with Valmark serve as an advisor or IAR to SFA Clients.

Neither our firm, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

### Licensed Insurance Agents

Certain representatives are also licensed insurance agents, who may recommend the purchase of certain insurance-related products on a commission basis, including through SFA in its capacity as an insurance agency. The recommendation by representatives that a client purchases an insurance commission product presents a conflict of interest, as the receipt of commissions provides an

incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from representatives. Clients are reminded that they may purchase insurance and/or securities products recommended by SFA through other, non-affiliated insurance agents or broker-dealers.

### **Tax preparation services**

SFA maintains arrangements with several CPAs and tax preparation firms, including some of the firms listed above. SFA may pay the CPA or tax preparation firm directly for services provided to the shared Client. This may result in a benefit to SFA if the amount paid to the tax prep or CPA is less than the fee paid by the client to SFA.

## **Item 11 – Code of Ethics**

SFA and persons associated with SFA ("Associated Persons") are permitted to buy and sell securities that it also recommends to clients consistent with the Code of Ethics. This presents a conflict of interest between employees' financial interest and clients. We have addressed this with policies and procedures designed to place clients first.

SFA has adopted a Code of Ethics (the "Code") for all persons associated with SFA ("Associated Persons") of the firm describing its standard of business conduct, and its fiduciary duty to its Clients. The Code includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, unlawful use of material non-public information, and restrictions on the acceptance and reporting of significant gifts and business entertainment items. All supervised persons at SFA must acknowledge the terms of the Code at the time of hire, and annually thereafter.

In accordance with Section 204-A of the Investment Advisers Act of 1940, SFA's Code of Ethics requires that certain of SFA's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain personal investments. SFA's Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's Access Persons. The Code also provides for oversight, enforcement and recordkeeping provisions.

SFA's Clients or prospective Clients may request a copy of the firm's Code by calling us at 1-888-225-3777 or by sending a request via our website under "Contact Us".

## Item 12 – Brokerage Practices

### Qualified Custodian/Broker-Dealer

Sequoia Financial Advisors does not maintain custody of your assets on which we advise and manage, although we may be deemed to have custody of your assets for other services we provide (see Item 15- Custody, below). Your assets must be maintained in an account at a qualified custodian, generally a broker-dealer or a bank. We currently recommend that our Clients use Schwab, Fidelity, or in limited cases, a different custodian (collectively, the “Custodian”), each an independent and unaffiliated SEC registered broker-dealers, Member FINRA/SIPC, as their qualified custodian. Clients enter into a separate agreement with a custodian chosen by them and transactions are executed through the broker appointed by them. We do not open the account for you, although we may assist you in doing so. Conflicts of interest associated with these arrangements are described below as well as in Item 14 Client Referrals and Other Compensation. You should consider these conflicts of interest when selecting your Custodian.

We are independently owned and operated and are not affiliated with Schwab or Fidelity. SFA reserves the right to use other brokers to execute trades for your account as described below (see *“Client Brokerage and Custody Costs”*). Your selected custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to (through our discretionary relationship).

#### **Directed Brokerage**

In some circumstances, a Client will designate a particular broker / dealer or custodian through which trades are to be affected or through which transactions may be introduced, typically under such terms as the Client negotiates with the particular broker / dealer. Where a Client has directed the use of a particular broker / dealer, and for Clients enrolled in wrap fee programs, SFA generally will not be in a position to negotiate commission rates freely, negotiate a lower wrap fee, or, depending on the circumstances, select brokers or dealers based on best execution.

Additionally, transactions for a Client that has directed that SFA use a particular broker / dealer may not be commingled or “bunched” for execution with orders for the same security for other managed accounts, except to the extent that the executing broker or dealer is willing to “step out” such transactions to the Client’s designated broker or dealer. Where “step out” arrangements are not possible or to the Client’s advantage, trades for a Client that has directed use of a particular broker may be placed at the end of bunched trading activity for a particular security.

Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the Client receiving a price that is less favorable than the price obtained for the bunched order. Under these circumstances, the direction by a Client of a particular broker or dealer to execute transactions may result in higher commissions or less favorable net prices than might be the case if SFA were empowered to negotiate commission rates freely or to select brokers based on best execution.

SFA may also support legacy Client relationships at custodians not listed above.

### **How We Select Brokers/Custodians**

SFA encourages our clients to use a Custodian who will hold Client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. You will decide whether to use the custodian and will open your account with them directly. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these when selecting your custodian. When evaluating a custodian we consider a wide range of factors, including, among others:

- 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 Client accounts)
- Capability to help the Client facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, 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 other 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 Schwab, Fidelity and Pershing)

### **Client Brokerage and Custody Costs**

The Custodian(s) generally do not charge the Client separately for custody services but can be compensated by charging the Client commissions or other fees on trades that it executes or that settle into the Client's account. Certain trades (for example, many mutual funds and ETFs) may not incur commissions or transaction fees. The Custodian(s) are also compensated by earning interest on the uninvested cash in your account. For example, Schwab is compensated if you participate in Schwab's Cash Features Program and similar programs exist at Fidelity. For some accounts, Custodian(s) may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. The commission rates and asset-based fees applicable to our Client accounts are negotiated based on the condition that our Clients collectively maintain a total amount of assets in accounts at the Custodian. We believe this commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be otherwise.

In addition to commissions and other transaction related fees, if Client participates in a “prime broker” or “trade away” program, the Custodian typically charges a flat fee for each trade that SFA has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Custodian account. These fees are in addition to the commissions or other compensation the Client pays the executing broker-dealer. Total cost of a transaction is one factor used to determine if/when to trade away from Custodian, as SFA seeks to minimize trading costs. Because of this, and in order to minimize a Client’s trading costs, SFA executes most trades for our Client accounts through the Custodian or the Custodians affiliated broker/dealer. We have determined that this arrangement is consistent with our duty to seek “best execution” of Clients’ 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”*).

### **Products and Services Available to Us from Schwab and Fidelity**

Schwab and Fidelity also make 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. Custodians support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us as long as our Clients collectively maintain a certain level of assets at Custodian. If our clients collectively have less than the agreed upon level of assets at Custodian, the Custodian can charge us quarterly service fees.

Custodians provide 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 retail customers. However, certain retail investors may be able to get institutional brokerage services without going through us.

#### **Services That Benefit You**

Services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. Custodian’s services described in this paragraph generally benefit you and your account.

#### **Services That May Not Directly Benefit You**

The Custodian also makes available to SFA other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our Clients’ accounts. This includes investment research, both Custodian’s own research and that of third parties. We may use this research to service all or a substantial number of our Clients’ accounts, including accounts not maintained at Custodian. In addition to investment research, Custodian also makes 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 Sequoia Financial Advisors**

The Custodians also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- New client referrals
- Consulting on technology, compliance, legal, and business 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
- Public Relations consulting and related services

The Custodian may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to SFA. The Custodian may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. The Custodian also provide us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with the custodian we would be required to pay for these services from our own resources.

SFA may utilize any or all of the services provided by Custodian as outlined above. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment Sequoia's own internal research and investment strategy capabilities. This is done without prior agreement or understanding by the Client (and done at Sequoia's discretion). Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. SFA does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among Clients, believing that the research SFA receives will help SFA to fulfill its overall duty to its Clients. SFA does not use each particular research service to benefit each Client. As a result, a Client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific Client. Broker-dealers selected by SFA may be paid commissions for effecting transactions for SFA's Clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if SFA determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research

services provided by those broker-dealers, viewed either in terms of a particular transaction or SFA's overall duty to its Client accounts.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be allocated and SFA makes a good faith effort to determine the percentage of such products or services which is considered as investment research. The portions of the costs attributable to non-research usage of such products or services is paid by SFA to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

The availability of these services benefits us because we do not have to produce or purchase them. We also do not have to pay for certain custodian services. As a result of receiving such services for no additional cost, this presents a conflict of interest in that SFA has an incentive to continue to use or expand the use of the Custodian's services rather than making a decision based exclusively on your interest in receiving the best value in custody services and the most the most favorable execution of your transactions. This is a conflict of interest. SFA examined this potential conflict of interest when it chose to enter into the relationship with the Custodian and has determined that the relationship is in the best interests of SFA's clients and satisfies its obligations, including its duty to seek best execution. We believe, however, that taken in aggregate our custodian options are in the best interest of our clients. Our selection is primarily supported by the scope, quality and price of the custodian's services and not the services that benefit only us.

SFA may also utilize research consultants or "Expert Networks" to assist us in making investment decisions for your account. An expert network is a group of professionals who are leading experts in their field. These experts are available for hire by third-parties who need consultations on specific topics that fall outside of their general knowledge base. We maintain policies and procedures that are designed to prevent the illegal exchange of material non-public information from such consultants or networks. Additionally, we may use soft dollars to compensate such networks and consultants for providing us research or industry insight.

### **Brokerage Options**

As stated above, clients in need of brokerage services will have one or more broker-dealers recommended to them. While there is no direct linkage between the investment advice given and usage of these broker-dealers, there are economic, operational, and compliance benefits received by SFA for encouraging clients to utilize certain custodians and broker-dealers. SFA does not participate in any transaction fees or a commission paid to the broker dealer or Custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

Not all investment advisors encourage their clients to utilize certain broker-dealers over the services of others. By encouraging our clients to utilize certain broker-dealers over other, SFA may not always be capable of achieving the most favorable execution of client transactions, and this practice may cost clients more money.

SFA will periodically compare custodial broker-dealer services and prices against other custodial broker-dealers that provide comparable services. While another custodial broker may offer these services at a lower overall cost, SFA is not required to recommend that Clients move their accounts to that custodial broker-dealer.

### **Trade Allocation/Aggregation**

Transactions for each client will be either effected independently, or SFA may decide to purchase or sell the same securities for several clients at approximately the same time. SFA may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among SFA’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among SFA’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that SFA determines to aggregate client orders for the purchase or sale of securities, including securities in which SFA’s Supervised Persons invest, SFA generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the SEC. SFA does not receive any additional compensation or remuneration as a result of the aggregation. In the event that SFA determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares will be reallocated to other accounts (this is due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, SFA may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Handling of Trade Errors**

From time-to-time, SFA makes an error in submitting a trade order on your behalf. When this occurs, SFA places a correcting trade with the Custodian.

At Schwab, if an investment gain results from the correcting trade, the gain may remain in your account unless you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, SFA pays for the loss. Schwab will maintain the loss or gain (if such gain is



not retained in Clients' account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in Clients' account, they may be netted.

Fidelity accumulates all trade errors and on a monthly basis, will donate any gains in excess of \$100 to charity. If a loss occurs greater than \$100, SFA pays for the loss.

If another custodian is used, a similar process will be in place and SFA's policy is to make the client whole in a manner consistent with other handling of trade errors.

## Item 13 – Review of Accounts

For those clients to whom SFA provides asset management services, SFA monitors those portfolios as part of an ongoing process.

SFA's Investment Policy Committee meets periodically to discuss current economic conditions, current holdings, and potential portfolio model changes. Rebalancing of client accounts in model portfolios will be implemented based on the Investment Committee's recommendation.

Accounts that are not managed by the Investment Policy Committee are reviewed periodically by the Investment Advisor Representative and their direct supervisor.

For those clients to whom SFA provides financial planning and/or consulting services only, reviews are conducted on an "as needed" or "as requested" basis. Such reviews are conducted by one of SFA's financial advisors.

All clients are encouraged to discuss their needs, goals, and objectives with their Investment Advisor Representative and subsequently SFA and to keep SFA informed of any changes thereto. Changes in needs, goals and objectives can trigger a review by the Investment Advisor Representative and changes to the investment strategy of the account. Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or Custodian for the client accounts. Those clients to whom SFA provides asset management services may also receive a report from SFA that include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients request from time to time. Clients should compare the account statements they receive from their Custodian with those they receive from SFA.

Those clients to whom SFA provides financial planning services only will not receive either written or oral reports regarding their Financial Plans unless they enter into a subsequent written agreement with SFA for post-Financial Plan services, which include additional meeting and/or updates to the existing financial plan.

Monitoring of outside third-party money management programs are conducted by the SFA financial advisors who have recommended investment in these third-party money management programs.

The nature and frequency of reports to Clients are determined primarily by the particular needs of each Client. Generally, Clients and their representatives receive monthly statements from the Client's custodian containing position and transaction information. SCA provides performance reports on a quarterly basis or as otherwise agreed with the Client. Portfolio reports generally include performance information. Special reports may be prepared to meet specific Client requirements.

## Item 14 – Client Referrals and Other Compensation

SFA does, from time to time, enter into written agreements with professional persons or companies who refer potential Clients to us in exchange for a referral fee which typically is a percentage of the fee we receive from the referred Client for our services. The potential Client will receive a written document which will disclose that we have an arrangement with the referral party; any affiliation between us and the referral party; and a description of the compensation the referral party will receive from us if the potential client establishes an account with us. Any referral fee is paid solely from SFA's investment management fee and does not result in any additional charge to the client.

SFA also has a referral arrangement with CBIZ, Inc. Clients referred to CBIZ, Inc. for retirement plan services result in a referral fee paid by CBIZ, Inc. to SFA. There is no additional cost to the Client and the Client is notified prior to entering an agreement with CBIZ, Inc. This does create a conflict of interest for SFA in that SFA receives a fee for referring clients to CBIZ as well as referrals in return for individual financial planning and investment work.

SFA has a referral arrangement with Everhart. Clients referred to Everhart for retirement plan services result in a referral fee paid by Everhart to SFA. There is no additional cost to the Client and the Client is notified prior to entering an agreement. This does create a conflict of interest for SFA in that SFA receives a fee for referring clients to Everhart.

### **Fidelity Wealth Advisor Solutions® Program (WAS)**

**SFA** participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which SFA receives referrals from Strategic Advisers LLC (Strategic Advisers), a registered investment adviser and Fidelity Investments company. SFA is independent and not affiliated with Strategic Advisers or any Fidelity Investments company. Strategic Advisers does not supervise or control SFA, and Strategic Advisers has no responsibility or oversight for SFA provision of investment management or other advisory services.

Under the WAS Program, Strategic Advisers acts as a promoter for SFA and pays referral fees to Strategic Advisers for each referral received based on SFA assets under management attributable to each client referred by Strategic Advisers or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor. More specifically, SFA pays the following amounts to Strategic Advisers for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by Strategic Advisers and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, SFA has agreed to pay Strategic Advisers an annual program fee of \$50,000 to participate in the WAS Program. These referral fees are paid by SFA and not the client.

To receive referrals from the WAS Program, SFA must meet certain minimum participation criteria, but Advisor has been selected for participation in the WAS Program as a result of its other business relationships with Strategic Advisers and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, SFA has a conflict of interest with respect to its decision to use certain affiliates of Strategic Advisers, including FBS, for execution, custody and clearing for certain client accounts, and Advisor could have an incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to SFA as part of the WAS Program.

Under an agreement with Strategic Advisers, SFA has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover promoter fees paid to Strategic Advisers as part of the WAS Program. Pursuant to these arrangements, SFA has agreed not to solicit clients to transfer their brokerage accounts from affiliates of Strategic Advisers or establish brokerage accounts at other custodians for referred clients other than when SFA fiduciary duties would so require, and Advisor has agreed to pay Strategic Advisers a one-time fee equal to 0.75% of the assets in a client account that is transferred from Strategic Advisers' affiliates to another custodian; therefore, SFA has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of Strategic Advisers. However, participation in the WAS Program does not limit SFA's duty to select brokers on the basis of best execution. SFA also receives an economic benefit from our qualified Custodian, Fidelity, 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 Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

### **Schwab Advisor Network® ("the Service")**

SFA also receives Client referrals from Schwab through our participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. SFA pays Schwab fees to receive Client referrals through the Service. SFA's participation in the Service raises a potential conflict of interest described below.

SFA pays Schwab a Participation Fee on all referred Clients' accounts through the Service that are custodied at Schwab and a Non-Schwab Custody Fee on all accounts that are transferred to another Custodian. The Participation Fee paid by SFA is a percentage of the fees the Client owes to SFA or a percentage of the value of the assets in the Client's account, subject to a minimum Participation Fee. SFA pays Schwab the Participation Fee for so long as the referred Client's account remains at Schwab. The Participation Fee is billed to SFA quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by SFA and not by the Client. SFA has agreed not to charge Clients referred through the Service fees or costs greater than those SFA charges Clients with similar portfolios who are not referred through the Service.

SFA generally pays Schwab a Non-Schwab Custody Fee if custody of a referred Client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the Client is solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a Custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees we generally would pay in a single year. Thus, SFA will have an incentive to recommend that Client accounts be held in custody at Schwab for Clients referred from this program. Schwab does not supervise Advisor and has no responsibility for SFA's management of clients' portfolios or other advice or services.

The Participation and Non-Schwab Custody Fees are based on assets in accounts of SFA's Clients who are referred by Schwab, and those referred Clients' family members living in the same household. Products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*).

**Schwab Advisory Network ("SAN") Asset Management SFA Participation Fee Schedule** (SAN Fees are in addition to those charged by SFA; however, SFA's fee schedule absorbs the SAN fees):

Asset Level	Annual Fees
First \$2,000,000 (Asset Level: \$0-\$2,000,000)	0.25%
Next \$3,000,000 (Asset Level: \$2,000,001-\$5,000,000)	0.20%
Next \$10,000,000 (Asset Level: \$5,000,001-\$15,000,000)	0.15%
Over \$15,000,000 +	0.10%

SFA also receives an economic benefit from our qualified Custodian, Schwab, 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 Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*).

Schwab 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 Schwab reaches a certain amount. [In some cases, a recipient of such payments is an affiliate of ours or another party which has some pecuniary, financial or other interests in us (or in which we have such an interest).] You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the referral arrangement because of the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

In addition, affiliates of SFA, such as Sequoia Financial Insurance Agency, LLC ("SFIA"), Long Road Risk Management, LLC and/or certain IARs of SFA, on occasion, may be compensated for providing Client referrals to other financial service entities. All such compensation will be fully disclosed to each Client consistent with applicable law. Compensation is based on the referral actually engaging with the other financial service entity(s), for the products and services they provide. The Client as a result of any such compensation arrangements will incur no additional costs or expenses. Any such referred activities will be conducted in accordance with applicable SEC rules, as amended, and/or state securities laws, as applicable.

Certain members of Sequoia Financial Group, LLC (SFG, the parent company of SFA) are registered representatives of a broker dealer and licensed insurance agents. Certain annuities, life insurance, direct investments and other products that may be recommended by SFA through these registered representatives will result in compensation to them and or SFIA. This presents a conflict of interest that you should be aware of.

## Item 15 – Custody

In most circumstances, SFA does not maintain custody of client funds or securities (except pursuant to the client agreement and custodial agreement where you authorize SFA to deduct the advisory fee directly from your account or if you grant us authority to move your money to another person's account). The qualified custodian selected by you during the account opening process maintains actual custody of your assets and will then directly remit that fee to SFA according to applicable custody rules.

You will receive account statements directly from your Custodian, at a minimum, quarterly. Your Custodian will send by email or to the postal mailing address you provided to the Custodian a copy of your statement. Alternatively, your account statements can be accessed on-line if so requested by you.

SFA urges you to carefully review your account statements promptly and compare such official custodial records to the performance reports ("Performance Reports") that SFA provides to you. Discrepancies should be brought to the attention of SFA immediately. You should be aware that Performance Reports provided by SFA may vary from the qualified custodian's statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities and we encourage you to contact your SFA financial advisor with any questions.

For specific Clients, SFA is deemed to have custody of Client assets where it has the ability to withdraw funds and securities from the account. This may include accounts that we have access to via certain online credentials. As required, SFA engages a Certified Public Accountant to conduct surprise examinations of its process annually.

SFA also has Custody by virtue of acting as Advisor and / General Partner to several private funds, where an employee is acting as trustee for a Client, and in cases where SFA pays for a service on behalf of a Client.

In all cases listed above, SFA engages an outside auditor to complete an annual custody exam in compliance with SEC Rule 206(4)-2.

## Item 16 – Investment Discretion

SFA generally receives discretionary authority from the client upon the outset of an investment management relationship. SFA is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. Clients give SFA discretionary authority when they sign a client agreement and execute appropriate Custodian form(s). Clients can request a limitation on this authority (such as certain securities not to be bought or sold). SFA takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- Independent Investment Managers to be hired or fired.

Clients can request only non-discretionary authority over their account. In this instance, SFA makes recommendations to clients regarding the securities to be purchased or sold, and the size of those transactions. For these accounts, the client is required to authorize us on whether to implement the recommendations or not.

In all cases, when selecting securities and determining amounts, SFA observes client investment objectives, limitations and restrictions.

For those Clients who have engaged with an Independent Investment Manager, you are agreeing to provide the Independent Investment Manager discretionary authority over your account. Clients should consult the third-party advisory agreement for more details.

## Item 17 – Voting Client Securities

SFA generally does not vote proxies on behalf of its Clients. Clients are responsible for voting their own proxies although SFA provides discretionary investment management services relative to client investment assets. Therefore, it is the client that maintains exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. SFA shall instruct each Custodian to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Certain legacy clients may have arrangements that include SFA vote proxies on their behalf. Clients can contact SFA if they have questions regarding a particular solicitation at [\(888\) 225-3777](tel:8882253777) or email us at [compliance@sequoia-financial.com](mailto:compliance@sequoia-financial.com).

In limited cases, SFA has agreed to continue proxy voting services for Clients that joined SFA as part of an acquisition. In these cases, SFA agrees to provide proxy voting services in writing with Client and proxies are voted in the best long-term interest of the Client. Clients wishing additional information regarding the Proxy Voting Policy or additional information pertaining to specific votes cast on their behalf should submit a request in writing to the Compliance Department at the address on the front page of this Brochure or email at [compliance@sequoia-financial.com](mailto:compliance@sequoia-financial.com).

For clients invested with Independent Investment Managers, such Independent Investment Managers may vote proxies on behalf of clients. In the event an Independent Investment Manager does indeed have a policy to vote proxies, clients maintain exclusive responsibility to: 1) direct the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and 2) make any elections pertaining to the client's investment assets.

Clients are welcome to claim or reclaim proxy voting authority at any time. In such cases, SFA requires clients to ensure that proxy materials are sent directly to them or their assigned third-party. In limited incidences where SFA votes proxies, SFA uses an electronic proxy voting service, Broadridge (ProxyEdge), to ensure that records are made available for recordkeeping and review. In all cases, proxy votes are submitted automatically online in accordance with the pre-defined policy to vote all proxies as noted above.

## Item 18 – Financial Information

Sequoia Financial Advisors is required in this Item to provide certain financial information or disclosures about SFA's financial condition. SFA has no financial commitment that impairs its ability

to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.