

**Item 1: Cover Page**

**Appendix 1 of Part 2A  
Wrap Fee Program Brochure**

March 9, 2023

**Sequoia Wealth Management, LLC**

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This wrap fee program brochure provides information about the qualifications and business practices of Sequoia Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 847-310-5900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Sequoia Wealth Management, LLC also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

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

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## **Item 4: Services, Fees and Compensation**

### **A. Advisory Services Offered**

#### **Asset Management Services**

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio consisting of securities and strategies described in Item 8 of this brochure. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio no less frequently than annually and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals, and objectives.

Clients have the right to provide us with any reasonable investment restrictions that should be imposed on the management of their portfolio, and should promptly notify us in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals, and tolerance for risk. We will remind clients of their obligation to inform us of any such changes or any restrictions that should be imposed on the management of their account. We will also contact clients at least annually to determine whether there have been any changes in personal financial circumstances, investment objectives, and tolerance for risk.

#### **Third-Party Money Managers**

As part of our investment advisory services, we may recommend, through certain platform providers with whom Sequoia Wealth has engaged, a third-party money manager to manage all or a portion of the client's investment portfolio. Factors we take into consideration when making our recommendation include, but are not limited to, the money manager's performance, investment strategies, methods of analysis, advisory fees and other fees, assets under management, and the client's financial objectives and risk tolerance. We would generally retain authority to hire/fire the third-party money manager, and we regularly monitor the performance of the money manager to ensure its management and investment style remain aligned with the client's objectives and risk tolerance. Each third-party money manager maintains a separate disclosure document that will be provided directly to the client by Sequoia Wealth.

#### **Third-Party Strategists**

As part of our investment advisory services, we may recommend third-party strategists offered through certain platform providers with whom Sequoia Wealth has engaged. Such strategists effectively provide recommendations to Sequoia Wealth for certain models the strategists manage. For strategist arrangements, upon receipt of the updated model information, we will implement the model and associated changes for applicable clients. Factors we take into consideration when making our recommendation include, but are not limited to, the strategist's performance, investment strategies, methods of analysis, advisory fees and other fees, and the client's financial objectives and risk tolerance. We would generally retain authority to hire/fire the strategist, and we regularly monitor the performance of the strategist to ensure its management and investment style remain aligned with the client's objectives and risk tolerance.

### **LPL Financial–Sponsored Advisory Programs**

Our firm may provide advisory services through certain programs sponsored by LPL Financial (“LPL”), a registered investment adviser and broker-dealer. Below is a brief description of each LPL advisory program available to our firm. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs, and the potential conflicts of interest presented by the programs, please see the LPL Financial Form ADV Part 2 or the applicable program’s Appendix 1 (wrap fee program brochure) and the applicable client agreement. Please note that Sequoia Wealth’s use of the LPL Sponsored Advisory Programs creates certain conflicts of interest which you should be aware of. LPL makes available mutual funds in its programs which are categorized as either full-participating funds, in which no transaction fee is assessed, and non-participating funds, in which a transaction fee is assessed. As such, Sequoia Wealth has an economic incentive to invest advisory assets in LPL full participating funds within the wrap fee program to avoid the cost and enhance the profitability of the wrap fee arrangement.

#### ***Optimum Market Portfolios Program (“OMP”)***

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client’s investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

#### ***Personal Wealth Portfolios Program (“PWP”)***

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client’s investment objective. Advisor will also have discretion for selecting third-party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

#### ***Model Wealth Portfolios Program (“MWP”)***

MWP offers clients a professionally managed mutual fund asset allocation program. We will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program, and assist the client in setting an appropriate investment objective. Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL’s Research Department consistent with the client’s stated investment objective. LPL’s Research Department is responsible for selecting

the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange-traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

The MWP program makes available model portfolios designed by strategists other than LPL's Research Department. Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

#### ***Manager Access Select Program ("MAS")***

MAS provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third-party portfolio manager from a list of portfolio managers made available by LPL. The portfolio manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the portfolio manager selection process.

#### ***Guided Wealth Portfolios Program ("GWP")***

GWP is a centrally managed, algorithm-based investment program which is made available to users and clients through a web-based, interactive account management portal. Investment recommendations to buy and sell exchange-traded funds and open-end mutual funds are generated through proprietary, automated, computer algorithms (collectively, the "Algorithm") of FutureAdvisor, Inc. ("FutureAdvisor"), based upon model portfolios constructed by LPL Financial and selected for the account. Communications concerning GWP are intended to occur primarily through electronic means, although we will be available to discuss investment strategies, objectives, or the account in general in person or over the phone.

A preview of the Program (the "Educational Tool") is provided for a period of up to 45 days to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL Financial, FutureAdvisor, and our firm by enrolling in the advisory service (the "Managed Service"). The Educational Tool and Managed Service are described in more detail in the GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL Financial, FutureAdvisor, or our firm; do not enter into an advisory agreement with LPL Financial, FutureAdvisor, or our firm; do not receive ongoing investment advice or supervisions of their assets; and do not receive any trading services.

### **Fees and Compensation**

#### **Fee Schedule**

We offer our services to our clients for an annual maximum advisory fee of 2.50%. The ultimate fee we charge will be based on the scope and complexity of the engagement and will be listed under Schedule A of the client agreement. Fees will be automatically deducted from your managed account. Adjustments are made for deposits and withdrawals in client accounts.

Please be advised that non-wrap program fees (those where the client pays trading costs in addition to the advisory fee) should, all things being equal, have the same overall net cost to the client as a comparable investment account in a wrap fee program. For example, if a client has a \$100,000 investment account and utilizes a non-wrap program for an advisory fee of 2.25% and pays \$250 in additional trading costs, a comparable arrangement on a wrap fee program basis (where the advisory fees include both the trading costs and advisory fee) would be 2.5%. In this way, the client understands the concept of fee parity when comparing wrap vs. non-wrap fee programs. In other words, if you are comparing a non-wrap program at 2.5% to a wrap free program at 2.5%, it would always be in your best interest to use the wrap fee in this example. The size of the portfolio or the frequency of trading may influence the use of a non-wrap program versus a wrap fee program, which are factors you should consider in selecting a particular investment program type. As a result, it is important to understand that the firm has an economic incentive to trade infrequently within a wrap fee program, because frequent trading lowers the firm's profitability. Of course, it is your decision to utilize the specific fee arrangement and this disclosure is to help you understand the relationship between the cost components of non-wrap fee programs versus wrap fee programs and the related conflicts of interest.

The trading cost component of the above-mentioned advisory fees are estimated to range from \$50 to \$250 per account per year.

Per the discretionary investment advisory agreement, clients agree to pay in advance a fee charged to the Account(s) on the last day of each quarter which is based on the market value of the assets in the Account(s) on the last day of that quarter. If Sequoia Wealth serves for less than the whole of any quarterly period, compensation will be calculated on a pro-rata basis for the period of the quarter for which we have served as an adviser. We may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

These fees include charges for all transaction costs such as commissions on purchase and sales of stocks, bonds, exchange-traded funds and options, and mutual fund transactions fees. Except as otherwise provided below, client will incur no charges other than the adviser's fee pursuant to the above fee schedule in connection with the maintenance of and activity in client's account. The wrap fee does not include annual account fees or other administrative fees, such as wire fees, charged by manager or brokerage firm; fees for securities transactions executed away from the custodian; certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the client's account; and advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in client's account. The wrap fee also does not cover certain costs associated with securities transactions in the over-the-counter market, such as fixed income securities where manager must approach a dealer or market maker to purchase or sell a security. Such costs include the dealer's mark-up, mark-down or spread and odd-lot differentials or transfer taxes imposed by law.

## **B. Disclosure of Cost Difference if Services Purchased Separately**

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. The only difference is that the Sequoia Wealth wrap program is offered where clients pay one all-inclusive fee. A portion of such fee is paid to Sequoia Wealth for its investment management services.

Depending on a number of factors, such as the number, size and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis. Bundled fees generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transaction fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability.

## **C. Additional Client Fees and Terms of Payment**

### **Client Payment of Fees**

For our asset management services, we generally require fees to be prepaid on a quarterly basis. Clients will be required to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to our firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

We will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination, any unearned, prepaid fees will be promptly refunded.

### **Additional Fees**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial

or deferred sales charge as further described in the mutual fund's prospectus. A client using Sequoia Wealth may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Items 9.B.2 and 9.B.3) for additional information regarding the firm's brokerage practices.

#### **D. Compensation for Recommending the Wrap Fee Program**

We do not recommend or offer the wrap program services of other providers. Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded. In order to mitigate this conflict of interest, our firm's investment adviser representatives will only recommend the wrap fee program to clients who will benefit from a bundled fee option.

#### **E. External Compensation for the Sale of Securities to Clients**

Sequoia Wealth's advisory professionals are compensated primarily through a percentage of advisory fees charged to clients. Sequoia Wealth advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Sequoia Wealth advisory professionals may receive commission-based compensation for the sale of insurance products. In addition, Sequoia Wealth advisory professionals, in their capacity as LPL Financial registered representatives, may receive commission-based compensation for the sale of securities. Sequoia Wealth advisory professionals are prohibited from earning an advisory fee on the securities value transferred from an advisory client's LPL Financial brokerage account unless commissions earned on such securities transactions occurred at least a 12–18 months prior to the transfer. Please see Item 10.C. for detailed information and conflicts of interest.

#### **F. Important Disclosure – Custodian Investment Programs**

Please be advised that certain of the firm's investment adviser representatives are registered with a broker-dealer and/or the firm is a broker-dealer or affiliated with a broker-dealer. Under these arrangements, we can access certain investment programs offered through the broker-dealer that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. As such, the investment adviser representative and/or the firm may have an economic incentive to recommend the purchase of 12b-1 or revenue share class mutual funds offered through the broker-dealer platform rather than from the investment adviser platform. Please note the following:

**Limitation on Mutual Fund Universe for Custodian Investment Programs:** Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios. There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

**Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds:**

Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances (i) where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation – such compensation creates an incentive for the investment adviser representative to use programs which utilize funds that pay such additional compensation; and (ii) where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

**Additional Disclosure Concerning Wrap Programs:** To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Clients should understand and discuss with their investment adviser

representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

### **G. Client Assets Under Management**

As of December 31, 2022, our firm managed \$194,314,556 on a discretionary basis and \$243,863,207 on a non-discretionary basis for a total of \$438,177,763 in assets under management.

## Item 5: Account Requirements and Types of Clients

Sequoia Wealth has the following types of clients:

- Individuals and High Net Worth Individuals
- Trusts, Estates or Charitable Organizations
- Corporations, Limited Liability Companies and/or Other Business Types
- ERISA Plans

Our requirements for opening and maintaining accounts or otherwise engaging us are as follows:

- We require a minimum household balance of \$100,000 for our Asset Management service. This minimum household balance requirement is negotiable depending on the client's extenuating circumstance.
- A minimum account value of \$15,000 is required for OMP.
- A minimum account value of \$250,000 is required for PWP.
- A minimum account value of \$50,000 is required for MWP.
- A minimum account value of \$100,000 is required for MAS; however, in certain instances, the minimum account size may be lower or higher.
- A minimum account value of \$5,000 is required for GWP.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Portfolio Manager Selection and Review**

Sequoia Wealth offers its asset management services either in a non-wrap fee or wrap fee basis. Each investment adviser representative may manage his or her accounts based upon the individual personal and financial circumstances of each Sequoia Wealth wrap fee program client or utilize one or more of the Sequoia Wealth model portfolios. In the context of the Sequoia Wealth wrap fee program in which there are no portfolio managers selected, the firm's core advisory services are simply offered in a wrap fee program so the client pays one all-inclusive fee, subject to the disclosures and information contained in this Appendix 1 Wrap Fee Program Brochure.

### **B. Participation in Wrap Fee Programs**

Sequoia Wealth offers its suite of investment advisory services in either a non-wrap option, or a wrap fee option in which the trading costs are included as part of the overall advisory fee. No other managers are selected.

### **C. The Firm Acts as Both a Wrap Fee Sponsor and Portfolio Manager**

The Sequoia Wealth Wrap Fee Program is a proprietary product offered exclusively through the firm. Other than offering its Sequoia Wealth Wrap Fee Program, the firm does not participate in wrap fee programs.

#### **Sequoia Wealth Wrap Fee Program**

Please refer to Item 4 of this Appendix 1 Wrap Fee Program Brochure for details on the services and fees offered through the Sequoia Wealth Wrap Fee Program.

#### **Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Asset Management service. We do not manage assets through our other service.

#### **Management of Wrap Fee Program**

Sequoia Wealth's suite of asset management services may be offered through this wrap fee program. Stand-alone financial planning and consulting services are offered outside of the wrap fee program. Please refer to the firm's Part 2A Brochure.

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

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

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

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.**

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

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

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

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

### **Mutual Funds and Exchange-Traded Funds; Individual Securities; and Third-Party Separate Account Managers**

We may recommend "institutional share class" mutual funds and individual securities (including fixed income instruments). We may also assist the client in selecting one or more appropriate

manager(s) for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that we will take into account when recommending managers to clients.

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

Sequoia Wealth has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

We may utilize additional independent third parties to assist us in recommending and monitoring individual securities, mutual funds, and managers to clients as appropriate under the circumstances.

We review certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to our clients. Quantitative criteria may include

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

Qualitative criteria used in selecting/recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity.

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

We may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also,

account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. We will endeavor to obtain equal treatment for its clients with funds or managers, but cannot assure equal treatment.

We will regularly review the activities of mutual funds and managers utilized for the client. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest.

### **Material Risks of Investment Instruments**

We generally invest in the following types of securities:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Leveraged and inverse exchange-traded funds
- Exchange-traded notes
- Fixed income securities
- Municipal securities
- Corporate debt obligations
- Fixed equity annuities
- Fixed equity indexed annuities
- Variable annuities

### **Equity Securities**

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

### **Warrants and Rights**

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

respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

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

### **Mutual Fund Securities**

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

### **Exchange-Traded Funds (“ETFs”)**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> (“QQQs<sup>SM</sup>”) iShares<sup>®</sup> and VIPERs<sup>®</sup>. ETFs have embedded expenses that the client indirectly bears.

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

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

### **Leveraged and Inverse Exchange-Traded Funds (“ETFs”)**

Leveraged ETFs employ financial derivatives and debt to try to achieve a multiple (for example two or three times) of the return or inverse return of a stated index or benchmark over the course of a single day. The use of leverage typically increases risk for an investor. However, unlike utilizing margin or shorting securities in your own account, you cannot lose more than your original investment. An inverse ETF is designed to track, on a daily basis, the inverse of its benchmark. Inverse ETFs utilize short selling, derivatives trading, and other leveraged

investment techniques, such as futures trading to achieve their objectives. Leverage and inverse ETFs reset each day; as such, their performance can quickly diverge from the performance of the underlying index or benchmark. An investor could suffer significant losses even if the long-term performance of the index showed a gain. Engaging in short sales and using swaps, futures, contracts, and other derivatives can expose the ETF.

There is always a risk that not every leveraged or inverse ETF will meet its stated objective on any given trading day. An investor should understand the impact an investment in the ETF could have on the performance of their portfolio, taking into consideration goals and tolerance for risk. Leveraged or inverse ETFs may be less tax-efficient than traditional ETFs, in part because daily resets can cause the ETF to realize significant short-term capital gains that may not be offset by a loss. Be sure to check with your tax advisor about the consequences of investing in a leveraged or inverse ETF. Leveraged and Inverse ETFs are not suited for long-term investment strategies. These are not appropriate for buy-and-hold or conservative investors and are more suitable for investors who understand leverage and are willing to assume the risk of magnified potential losses. These funds tend to carry higher fees, due to active management, that can also affect performance.

#### **Exchange-Traded Notes (“ETN”)**

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

#### **Fixed Income Securities**

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

#### **Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality’s ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal

level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

### **Corporate Debt Obligations**

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

### **Fixed Equity Annuities**

A fixed annuity is a contract between an insurance company and a customer, typically called the annuitant. The contract obligates the company to make a series of fixed annuity payments to the annuitant for the duration of the contract. The annuitant surrenders a lump sum of cash in exchange for monthly payments that are guaranteed by the insurance company. Please note the following risks: (i) Spending power risk. Social Security retirement benefits have cost-of-living adjustments. Most fixed annuities do not. Consequently, the spending power provided by the monthly payment may decline significantly over the life of the annuity contract because of inflation, (ii) Death and survivorship risk. In a conventional fixed annuity, once the annuitant has turned over a lump sum premium to the insurance company, it will not be returned. The annuitant could die after receiving only a few monthly payments, but the insurance company may not be obligated to give the annuitant's estate any of the money back. A related risk is based on the financial consequences for a surviving spouse. In a standard single-life annuity contract, a survivor receives nothing after the annuitant dies. That may put a severe dent in a spouse's retirement income. To counteract this risk, consider a joint life annuity. (iii) Company failure risk. Private annuity contracts are not guaranteed by the FDIC, SIPC, or any other federal agency. If the insurance company that issues an annuity contract fails, no one in the federal government is obligated to protect the annuitant from financial loss. Most states have guaranty associations that provide a level of protection to citizens in that state if an insurance company also doing business in that state fails. A typical limit of state protection, if it applies at all, is \$100,000. To control this risk, contact the state insurance commissioner to confirm that your state has a guaranty association and to learn the guarantee limits applicable to a fixed annuity contract. Based on that information, consider dividing fixed annuity contracts among multiple insurance companies to obtain the maximum possible protection. Also check the financial stability and credit ratings of the annuity insurance companies being considered. A.M. Best and Standard & Poor's publish ratings information.

### **Fixed Equity Indexed Annuities**

An equity-indexed annuity is a type of fixed annuity that is distinguished by the interest yield return being partially based on an equities index, typically the S&P 500. The returns (in the

form of interest credited to the contract) can consist of a guaranteed minimum interest rate and an interest rate linked to a market index. The guaranteed minimum interest rate usually ranges from 1 to 3 percent on at least 87.5 percent of the premium paid. As long as the company offering the annuity is fiscally sound enough to meet its obligations, you will be guaranteed to receive this return no matter how the market performs. Your index-linked returns will depend on how the index performs but, generally speaking, an investor with an indexed annuity will not see his or her rate of return fully match the positive rate of return of the index to which the annuity is linked — and could be significantly less. One major reason for this is that returns are subject to contractual limitations in the form of caps and participation rates. Participation rates are the percentage of an index's returns that are credited to the annuity. For instance, if your annuity has a participation rate of 75 percent, then your index-linked returns would only amount to 75 percent of the gains associated with the index. Interest caps, meanwhile, essentially mean that during big bull markets, investors won't see their returns go sky-high. For instance, if an index rises 12 percent, but an investor's annuity has a cap of 7 percent, his or her returns will be limited to 7 percent.

Some indexed annuity contracts allow the issuer to change these fees, participation rates and caps from time to time. Investors should also be aware that trying to withdraw the principal amount from a fixed indexed annuity during a certain period — usually within the first 9 or 10 years after the annuity was purchased — can result in fees known as surrender charges, and could also trigger tax penalties. In fact, under some contracts if withdrawals are taken amounts already credited will be forfeited. After paying surrender charges an investor could lose money by surrendering their indexed annuity too soon.

### **Variable Annuities**

Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

### **Investment Strategy**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **Margin Leverage**

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

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

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

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

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

### **Short-Term Trading**

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

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

### **Short Selling**

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

### **Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to

a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

As part of our investment strategy, we may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading

#### ***Covered Call Writing***

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

#### ***Long Call Option Purchases***

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

#### ***Long Put Option Purchases***

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

#### ***Option Spreading***

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

please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

### **Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

### **Concentration Risk**

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

### **Proxy Voting**

The firm does not take discretion with respect to voting proxies on behalf of its clients.

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

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

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

## Item 7: Client Information Provided to Portfolio Managers

The firm is the sole portfolio manager in the Sequoia Wealth Wrap Fee Program and does not share any personal information it collects from its clients other than as required by law or regulatory mandate. The firm may collect the following information in order to formulate its investment recommendations to clients:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

## **Item 8: Client Contact with Portfolio Managers**

The firm encourages communication with its clients and does not limit or condition the amount of time clients can spend with the firm's advisory professionals.

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## Item 9: Additional Information

### A. Disciplinary and Other Financial Activities and Affiliations

#### Disciplinary Information

There are no current or pending disclosure items to report on behalf of the firm's advisors.

#### Other Financial Activities and Affiliations

##### Broker-Dealer or Representative Registration

Members and registered advisory personnel of Sequoia Wealth are registered representatives of LPL Financial, a FINRA-registered broker-dealer and member of SIPC. LPL Financial is a financial services company engaged in the sale of investment products.

##### Futures or Commodity Registration

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

##### Material Relationships Maintained by this Advisory Business and Conflicts of Interest

###### *LPL Financial*

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

###### *Insurance Sales*

Certain managers, members, and registered employees of Sequoia Wealth are licensed insurance agents and may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products of such carriers. Please also be advised that Sequoia Wealth strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with Sequoia Wealth's employing broker-dealer.

**Tax Preparation and Accounting Services**

Representatives of our firm are Certified Public Accountants. In such capacity, they may also provide income tax preparation or accounting services. These services are independent of our financial planning and investment advisory services and are governed under a separate engagement agreement. Our firm does not actively solicit clients to utilize these services.

**Real Estate Services**

Representatives of our firm are licensed real estate agents. As a result, they may receive customary fees associated with real estate transactions. These services are independent of our advisory services and are governed under a separate engagement agreement. Clients are under no obligation to utilize this service and will not be actively solicited.

**Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

The compensation paid to us by third-party money managers may vary, and thus, there may be a conflict of interest in recommending a manager who shares a larger portion of its advisory fees over another manager. Prior to referring clients to third-party advisors, we will ensure that third-party advisors are licensed or notice filed with the respective authorities. A potential conflict of interest in utilizing third-party advisors may be an incentive to us in selecting a particular advisor over another in the form of fees or services. In order to minimize this conflict, our firm will make our selections in the best interest of our clients.

**B. Code of Ethics, Brokerage Trading Practices, Account Reviews, and Financial and Related Matters****Code of Ethics Description**

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

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

**Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

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

**Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest**

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

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

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

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

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

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

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

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

We review accounts no less frequently than annually for our clients subscribing to our Asset Management service. Third-party money management clients receive at least annual reviews. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We do not provide written reports to clients unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our asset management and third-party money management services. Only our portfolio managers will conduct reviews. We may review client accounts more frequently than

described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

#### **Review of Client Accounts on Non-Periodic Basis**

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

#### **Content of Client-Provided Reports and Frequency**

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

#### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

##### **LPL Financial Expense Reimbursements**

Sequoia Wealth, or our investment adviser representatives in their capacity as Sequoia Wealth investment adviser representatives or LPL Financial registered representatives, may from time to time receive expense reimbursement for conference, travel and/or marketing expenses from distributors, product sponsors of investment and/or insurance products, and custodians. Expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by distributors, product sponsors of investment and/or insurance products, and custodians. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing, such as advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products, investments, and custodians based on the receipt of this compensation instead of what is the in best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients. A complete list of vendors offering marketing reimbursements is available upon request.

##### **LPL Financial Transition Assistance and Forgivable Loans – Material Conflicts of Interest**

Certain investment adviser representatives of Sequoia Wealth may receive forgivable loans through our primary custodian, LPL Financial, in order to assist with transitioning their business onto the LPL Financial custodial platform. This loan may be forgiven by LPL Financial based on the scope of business such representatives engage in with LPL Financial, including the amount of their client assets with LPL Financial. This presents a conflict of interest in that such investment adviser representatives have a financial incentive to recommend that clients

maintain their account with LPL Financial in order to benefit by having the loan forgiven. However, to the extent such representatives recommend clients use LPL Financial for such services, it is because the representatives believe it is in clients' best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial.

**Advisory Firm Payments for Client Referrals**

Sequoia Wealth does not pay for client referrals.

**Financial Information**

**Balance Sheet**

Sequoia Wealth does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

**B.6.b. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

On May 31, 2020, Sequoia Wealth received a Paycheck Protection Program ("PPP") loan through the U.S. Small Business Administration, which was part of the economic relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Due to the economic uncertainties surrounding the current COVID-19 pandemic and in an abundance of caution, Sequoia Wealth believes it was necessary and prudent to apply for and accept the PPP loan to support ongoing operations. Sequoia Wealth intends to use the PPP funds to fund payroll for its employees, including a portion of the salaries of employees who are primarily responsible for performing advisory functions. The loan is forgivable provided Sequoia Wealth satisfies the terms of the loan program. Sequoia Wealth believes the existence of the loan and the obligation to repay it will have no impact on its ability to provide investment advisory services to clients.

**B.6.c. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report for this item.