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SENDERO WEALTH MANAGEMENT, LLC

FORM ADV – SCHEDULE H

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SENDERO

WEALTH MANAGEMENT

SENDERO WEALTH MANAGEMENT, LLC

7373 BROADWAY, SUITE 501

SAN ANTONIO, TX 78209

(210) 805-0171

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## **I. Introduction**

This brochure describes the investment program offered by Sendero Wealth Management, LLC (“Sendero”) and the two fee structures from which Clients may choose. Clients who wish to participate in this program will enter into an agreement (the “Client Agreement”) with Sendero that sets forth the services that the client will receive and the fee that the client will pay. Clients participating in the program may include endowments, foundations, retirement plans, corporations, high net worth individuals, and other entities.

In connection with the program, Sendero will collect information about the client’s financial circumstances, investment objectives, and risk tolerance. Sendero also collects information about any restrictions that a client wishes to impose on the management of its account. Clients are responsible for notifying Sendero promptly, in writing, of any changes to the information they provide to Sendero. Clients are also responsible for providing Sendero with additional information as Sendero may request from time to time to assist it (and portfolio managers, if applicable) in providing services under the Client Agreement. Sendero (and portfolio managers, if applicable) will rely on the information provided by clients. Sendero will have no liability for a client’s failure to provide Sendero with accurate or complete information or to inform Sendero promptly of any change in the information previously provided. Certain information about the Client may be set forth in a client profile (“Client Profile”).

On an ongoing basis, Sendero will respond to client inquiries, periodically consult with clients to update their financial information and investment objectives, periodically review the activity in and investment results of client account(s) with the client, and assist clients in determining whether to make any changes to their account(s).

A client or Sendero generally may terminate the Client Agreement any time upon providing written notice to the other party. If the Client Agreement is terminated by either party within five (5) business days of its signing, the client will receive a full refund of any fee paid. If the Client Agreement is terminated by either party after five (5) business days of its signing, the client will be entitled to a pro-rata refund of any pre-paid fees based on the number of days remaining in the calendar quarter after the date upon which notice of termination is received by Sendero or is provided by Sendero to the client.

Sendero is affiliated with and offers securities through Sendero Securities, LLC (the “Broker Dealer”). Sendero has negotiated agreements with the Broker Dealer whereby clients as well as Sendero gain cost advantages over choosing another broker dealer. Sendero Wealth may, and expects to, recommend that its clients utilize Sendero Securities, LLC brokerage services, in its capacity as a broker-dealer with whom managing members of Sendero Wealth are affiliated with. As a result, managing members of Sendero Wealth may receive compensation in connection with the brokerage services Sendero Securities, LLC provides to advisory clients in addition to any advisory fees it may receive from such clients. While we encourage our clients to use Sendero Securities, LLC, we can and do use other broker dealers; however, all costs become negotiable should the client choose a broker dealer other than Sendero Securities, LLC.

Information specific to the program is set forth in Sections II through VI below. Please read all information applicable to the program carefully before investing.

## **II. Sendero Institutional Investment Management Services (“SIIMS”)**

Sendero provides non-discretionary investment supervisory and management services to its clients regarding the allocation of their assets among cash, stocks, bonds and other investments to meet their stated investment objectives. Sendero assists each of its clients in defining their investment objectives, and, based

upon such investment objectives, formulates an asset allocation plan and identifies investment managers (“Portfolio Managers”) and investment funds (“Portfolio Funds”) with whom and in which clients may invest their assets to meet their stated investment objectives.

Sendero has selected certain portfolio managers (“Portfolio Managers”) and/or certain specific investment strategies offered by certain Portfolio Managers (“Strategies”) for inclusion in SIIMS. Clients in SIIMS select Portfolio Managers to manage their accounts, and generally also select a specific Strategy of each Portfolio Manager selected. Each Portfolio Manager available through SIIMS has entered into a contract with Sendero to manage client accounts in SIIMS.

Sendero intends for its investment management platform to afford clients access to professional portfolio management typically afforded to large institutional clients through Portfolio Managers that Sendero has reviewed and found worthy of investment for its clients. Clients with sufficient assets can utilize Sendero’s separately managed account platform (SMA), pursuant to which a Portfolio Manager directly manages the assets in a client’s account, permitting the client to establish investment restrictions, as well as achieve a level of tax planning typically unavailable outside of a separately managed account platform. Where an SMA is not appropriate, Sendero has identified Portfolio Funds to assist its clients with meeting their stated investment objectives. In addition to the initial due diligence, Sendero conducts searches aimed at identifying Portfolio Managers and Portfolio Funds for investment by its clients. Sendero periodically monitors the performance of such Portfolio Managers and Portfolio Funds, and reports these results, as well as any change in views Sendero may have about such Portfolio Managers and Portfolio Funds, to its clients.

Sendero’s investment management services may include, without limitation, any one or more of the following services:

- Assistance with the review, evaluation and/or formulation of investment objectives and policies, and assistance with the development of one or more asset allocation strategies based upon the information provided by Sendero’s clients;
- Assistance with the selection of Portfolio Managers and Portfolio Funds to manage all or a portion of a client’s assets in a manner consistent with the client’s financial circumstances, investment objectives, risk tolerance and any restrictions that the client wishes to impose on the management of its account;
- The provision of ongoing monitoring (due diligence) of the Portfolio Managers and Portfolio Funds with whom a client’s assets have been invested, as well as ongoing and continuous recommendations regarding the retention or termination of such Portfolio Managers or Portfolio Funds in light of the client’s investment objectives; and/or
- The provision of ongoing performance reporting with respect to the client’s assets, as well as such other reporting as may be mutually agreed upon by the client and Sendero.

From time to time Sendero may also furnish advice to clients about equity, fixed income and other securities in connection with a client’s decision to purchase a security. For example, Sendero often assists its clients with the management of laddered bond portfolios and, while the client retains ultimate discretion over the buying and selling of securities, Sendero often provides investment advice in connection therewith. Fees for the provision of this type of investment advice are separately negotiated for each client.

#### A. Consulting Services

Clients may request that Sendero: (i) assist clients in the review, evaluation and/or formulation of their investment objectives and policies; and/or (ii) help them develop one or more asset allocations for the assets designated for SIIMS (“SIIMS Assets”) based on the information they provide to Sendero. Clients

are solely responsible for making all decisions regarding the adoption and implementation of any investment objectives and policies and/or any asset allocation. If a client adopts an asset allocation, the actual asset allocation may change over time due to fluctuations in the market value of the SIIMS Assets and/or additions to or withdrawals by the client. In addition, a change in the client information provided to Sendero or other circumstances may warrant a change to a client's investment objectives, policies or allocation of the SIIMS Assets. Each client is solely responsible for monitoring their investment objectives and policies, including whether the management of the SIIMS Assets conforms to those investment objectives and policies. Each client is further responsible for monitoring any asset allocation on an ongoing basis and determining whether to rebalance and/or reallocate the SIIMS Assets. Unless specifically agreed to by Sendero, Sendero will not be obligated to review, update, rebalance or provide any other ongoing advice with regard to any asset allocation or a client's investment objectives or policies.

#### B. Portfolio Managers and Strategies

Clients will select one or more Portfolio Managers to direct the investment and reinvestment of the SIIMS Assets and will designate and retain each selected Portfolio Manager as set forth on a schedule to the Client Agreement. Clients also typically select particular Strategies. The selection of the Portfolio Manager (and Strategy, if applicable) is the sole responsibility of the client, subject to the acceptance of the client by the selected Portfolio Manager. Sendero will assist clients in opening one or more brokerage accounts for trading by each Portfolio Manager selected. Clients will execute brokerage account documentation required by the Broker-Dealer to open the account. The minimum amount of assets required to open an account in SIIMS is generally \$5,000,000. As part of the Client Agreement, clients will grant each selected Portfolio Manager complete and sole discretionary trading authorization over the applicable account(s) and authorize each Portfolio Manager to act on the client's behalf in all other matters necessary or incidental to the handling of the SIIMS Assets. The fee charged by the Portfolio Manager may or may not be included in the fee paid to Sendero (see the section entitled "*The SIIMS Fee*" below). Sendero will notify each Portfolio Manager of the client's selection of the Portfolio Manager (and Strategy, if applicable) and will give Portfolio Manager(s) information about the client, including any of the information described in Section 1 above.

Clients may impose restrictions on the investments in their accounts, as long as the applicable Portfolio Manager deems the restrictions to be reasonable. Any restrictions a client imposes on the management of an account may cause a Portfolio Manager to deviate from investment decisions it would otherwise make in managing the account. Unless a client imposes restrictions on the management of an account, it is likely that the Portfolio Manager will manage the account in a manner very similar to that of other clients with similar investment objectives and risk tolerances.

Clients will receive each Portfolio Manager's Form ADV, Part II or an equivalent disclosure document (each, a "**Portfolio Manager Disclosure Document**"). Clients should review the Portfolio Manager Disclosure Document carefully for important information about the Portfolio Manager, including risks associated with the selected Strategy (if applicable). Each Portfolio Manager is solely responsible for the truthfulness, completeness, and accuracy of its Portfolio Manager Disclosure Document.

Sendero is not responsible for the performance of any Portfolio Manager under SIIMS or any Portfolio Manager's compliance with applicable laws or regulations or other matters within the Portfolio Manager's control. Each Portfolio Manager is solely responsible for the management of that Portfolio Manager's designated account(s). If a client selects more than one Portfolio Manager, the Portfolio Managers may engage in contrary transactions with respect to the same security. Sendero shall not be responsible for the management of any account, including the conformity of the management of any account to any information provided by clients. Transactions for an account will only be effected if and to

the extent instructed by a Portfolio Manager. Without limiting the generality of the foregoing, Sendero shall not be responsible for any act or omission of any Portfolio Manager or any misstatement or omission contained in any document prepared by or with the approval of any Portfolio Manager, or any loss, liability, claim, damage, or expense, whatsoever, as incurred, arising out of or attributable to such misstatement or omission. Notwithstanding the foregoing, clients shall be entitled to any rights that they may have under the Investment Advisers Act of 1940, as amended, any other federal or state securities laws, or the Employee Retirement Income Security Act of 1974, as amended, and a client's participation in SIIMS shall not limit its ability to file any claim in arbitration or limit the ability of arbitrators to make any award.

1. Portfolio Managers available through SIIMS

Upon request, Sendero will identify and present clients with one or more Strategies that appear to be suitable for the SIIMS Assets based upon the information provided to Sendero by the client. Sendero will identify only Strategies that are available through SIIMS. Clients are solely responsible for selecting and retaining the Portfolio Managers of the selected Strategies.

Sendero will provide an ongoing review of Portfolio Managers available through SIIMS. Sendero monitors Portfolio Managers on an ongoing basis to determine whether they will continue to meet the investment needs of SIIMS clients. This review generally includes reviewing the Portfolio Manager's organization, investment process, service, and performance with respect to the applicable Strategy or Strategies. Changes in the Portfolio Manager's organization, investment process, service, and performance are monitored via regular meetings with the Portfolio Manager's staff and quarterly communication. Sendero may contract with one or more third parties to perform initial and ongoing review of Portfolio Managers (each, a "**Review Vendor**") and/or perform such reviews itself. A Review Vendor may also make recommendations to Sendero about which Portfolio Managers to include in SIIMS. Unless otherwise expressly agreed upon, the fees and expenses associated with the use of any Review Vendor will be borne by Sendero or another party, and not by any client. A Review Vendor may also have a conflict of interest in assisting Sendero in reviewing Portfolio Managers and/or making recommendations to Sendero about which Portfolio Managers to include in the programs because the Review Vendor or its affiliates may provide auditing or other services to Portfolio Managers or their affiliates. More detailed information about any Review Vendor and potential conflicts of interest, if applicable, are available upon request.

Sendero's decision to include a Strategy or Portfolio Manager in SIIMS is based upon the totality of the results of the review process and does not necessarily reflect a rigid application of any or all of the guidelines described. Sendero may remove a Strategy or Portfolio Manager from SIIMS at any time and will notify clients that have selected that Strategy or Portfolio Manager.

2. Strategies and Portfolio Managers Not Available Through SIIMS

Sendero may choose to include a particular Strategy or Strategies of a particular Portfolio Manager in SIIMS, but not include all of the Portfolio Manager's Strategies. Thus, even though one particular Strategy is available through SIIMS, not all of that Portfolio Manager's Strategies will necessarily be available.

In certain limited circumstances, a client may be permitted to maintain, in SIIMS, assets with a Portfolio Manager or a Strategy that has not been selected by Sendero for inclusion in SIIMS (a "**non-participating Portfolio Manager/Strategy**"). Sendero may have access to or may collect information about the non-participating Portfolio Manager/Strategy, which may be negative or reflect poorly on the non-participating Portfolio Manager/Strategy; however, Sendero has no obligation to share any such information with the client, and Sendero will not perform regular reviews of the non-participating Portfolio

Manager/Strategy. Sendero's sole obligation shall be to include the performance of the non-participating Portfolio Manager/Strategy in the client's quarterly review reports.

C. Execution

In the Client Agreement, clients generally authorize and direct each selected Portfolio Manager to effect transactions for the account(s) directly through the Broker-Dealer, subject to the Portfolio Manager's duty to seek best execution. Because the fee paid under SIIMS (as described in the section entitled "*The SIIMS Fee*" below) covers transactions for the purchase or sale of securities and other investments only when executed through the Broker-Dealer, transactions ordinarily will be effected through the Broker-Dealer. All transactions are subject to Sendero's and the Broker-Dealer's internal policies or procedures. In no event is Sendero or the Broker-Dealer obligated to effect any transaction for the account(s) that Sendero or the Broker-Dealer believes would violate applicable federal or state law, or the regulations of any regulatory or self-regulatory body or would otherwise present an unacceptable risk to Sendero or the Broker-Dealer.

When a transaction is executed through a broker or dealer other than the Broker-Dealer, clients may incur a transaction fee, commission, and/or other charges that will be in addition to the fee charged by Sendero. The other broker or dealer shall be entirely responsible for the execution and clearance of these transactions. For more information about the factors that a Portfolio Manager considers in determining which broker or dealer to execute transactions through, please see the applicable Portfolio Manager Disclosure Document.

D. Proxies and Other Legal Notices

Sendero will not take any action or render any advice to any client or any account in SIIMS with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in accounts SIIMS. Clients generally delegate discretion to voting such proxies to Portfolio Managers. The manner in which a specific Portfolio Manager addresses conflicts related to proxy voting is set forth in that Portfolio Manager's individual proxy voting procedures, which will be provided upon request to clients who select the Portfolio Manager. The Custodian (as defined below) or the Broker-Dealer will forward to the client, or any person designated by the client, any proxy materials that they receive pertaining to securities held in the account(s). Clients may contact Sendero in the event they wish to know how their proxies were voted by the applicable Portfolio Manager on their behalf.

Neither Sendero nor any Portfolio Manager shall render any advice or take any action on behalf of clients with respect to securities or other investments held in any account, or the issuers thereof, that become the subject of any legal proceedings, including bankruptcies. Clients retain the right and obligation to take such legal action relating to the securities held in their account(s).

E. SIIMS Fee

Clients may choose between a single asset based fee for Sendero's services, a Wrap Fee program, or pay for each service individually, a Non-Wrap Fee program.

When the client chooses to pay a Wrap Fee for the services provided by Sendero and the Portfolio Managers as described in the Client Agreement, each managed account will be charged a single, asset-based fee (the "Wrap Fee") each calendar quarter in advance. Each non-managed account covered by the Client Agreement, not managed by a third party money manager, and where trades are directed by the client will not be charged a Wrap Fee but will be charged commission on trades in the account. Commissions will vary with the quantity and type of security purchased and will have a minimum of \$15 dollars a trade. The

maximum Wrap Fee on managed accounts, expressed as an annual rate, that may be charged to clients is set forth in the following schedule:

<u>Net Asset Value</u>	<u>Marginal Annualized Fee</u>	
	<u>Equity</u>	<u>Fixed Income</u>
\$0 to \$500,000.00	1.95%	0.90%
\$500,000.01 to \$1,000,000	1.65%	0.75%
Next \$4,000,000	1.20%	0.60%
Above \$5,000,000	0.95%	0.50%

When the Client chooses to pay a Non-Wrap Fee, each managed account will be charged the following fees: a) consulting fee by Sendero, b) management fee by the portfolio manager, c) trading and custody fees by the Broker Dealer, d) custody fees by the custodian if different from the Broker Dealer, and e) Trust fees in the case of a trust. Each non-managed account covered by the Client Agreement, not managed by a third party money manager, and where trades are directed by the client) will not be charged a consulting or management fee but will be charged commission on trades in the account. Commissions will vary with the quantity and type of security purchased and will have a minimum of \$35 dollars a trade. The maximum consulting fee charged on managed accounts, expressed as an annual rate, that may be charged to clients is set forth in the following schedule:

<u>Net Asset Value</u>	<u>Marginal Annualized Fee</u>
\$0 to \$1,000,000.00	0.65%
\$1,000,001 to \$5,000,000	0.55%
\$5,000,001 to \$10,000,000	0.50%
\$10,000,001 to \$25,000,000	0.40%
\$25,000,001 to \$50,000,000	0.35%
Above \$50,000,000	Negotiated Fee

The rate used each quarter for both the Wrap Fee and Sendero's consulting fee will be one-fourth of the annual rate. Accounts will be subject to any minimum fee specified in the Client Agreement. The fee will be payable quarterly in advance. The initial fee ("Initial Fee") will be calculated as of the date the Client Agreement is accepted by Sendero (the "Commencement Date"). The Initial Fee will cover the period from the Commencement Date until the last day of the initial calendar quarter. The Initial Fee will be calculated proportionately with respect to the number of days in the initial billing period, and will be based on the market value of the SIIMS Assets on the Commencement Date. Thereafter, the quarterly fee will be calculated based on the market value of the SIIMS Assets as of the last day of the preceding calendar quarter. The quarterly fee will become due on the first business day of the following calendar quarter, and will be deducted from the account shortly thereafter.

The Wrap Fee covers Sendero's investment consulting services, the Portfolio Manager's asset management services, the custody and execution of transactions through the Broker-Dealer, and reporting as described in this brochure. The portion of the Wrap Fee paid to Portfolio Managers generally ranges from 0.30% to 1.0% depending on the asset class traded and/or strategy employed by the Portfolio Manager. The Wrap Fee does not cover brokerage commissions or other charges resulting from

transactions not effected through the Broker Dealer, and does not cover certain costs or charges that may be imposed by the Broker-Dealer, including margin interest, costs associated with exchanging foreign currencies, odd-lot differentials, Securities and Exchange Commission (“SEC”) fees, transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law. The Wrap Fee does not cover “mark-ups” and “mark-downs” that other broker-dealers may receive or “dealer spreads” that the Broker-Dealer or other broker-dealers may receive when acting as principal in certain transactions. The Wrap Fee does not cover the annual fee that the Broker-Dealer charges IRA accounts or certain other retirement plans.

For clients choosing Non-Wrap Fee, consulting fee covers Sendero’s investment consulting services and reporting as described in this brochure. No other charges are covered by the Non-Wrap fee including the Portfolio Manager’s asset management services, the custody and execution of transactions through the Broker-Dealer. The Non-Wrap Fee does not cover certain costs or charges that may be imposed by the Broker-Dealer, including margin interest, costs associated with exchanging foreign currencies, odd-lot differentials, Securities and Exchange Commission (“SEC”) fees, transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law. The Wrap Fee does not cover “mark-ups” and “mark-downs” that other broker-dealers may receive or “dealer spreads” that the Broker-Dealer or other broker-dealers may receive when acting as principal in certain transactions. The Wrap Fee does not cover the annual fee that the Broker-Dealer charges IRA accounts or certain other retirement plans.

If a client selects a Portfolio Manager that is not available through SIIMS, that client will not receive the full range of consulting services described in this brochure with respect to that Portfolio Manager. Sendero is not responsible for reviewing Portfolio Managers that are not in SIIMS or for communicating any information about those Portfolio Managers to any client. Clients will pay the full Wrap Fee to Sendero with respect to assets invested with Portfolio Managers not in the SIIMS program, even though a client does not receive from Sendero all of the services that the client would receive with respect to Portfolio Managers in SIIMS.

Clients generally may make additions into an account at any time, subject to Sendero’s right to terminate the account. Additions may be in cash or marketable securities of any kind, provided that Sendero and the applicable Portfolio Manager reserve the right to decline to accept particular securities into an account. Sendero may accept other types of investments for deposit in its sole discretion. Clients generally may withdraw SIIMS Assets upon ten (10) days’ written notice to Sendero, subject to usual and customary securities settlement procedures. A pro-rated fee will be charged on contributions to cover the period of time from the date of deposit until the last calendar day of the calendar quarter. Similarly, a pro-rated fee reduction will be made on withdrawals from an account during a billing period, to reflect the period of time from the date of withdrawal until the end of the billing period.

### **III. General Information**

The following information applies to both Wrap Fee and Non-Wrap Fee programs described above, unless otherwise indicated:

#### **A. Custody**

The custodian (the “Custodian”) designated in the Client Agreement will ordinarily maintain custody of a client’s assets in program account(s) and will receive and credit to the account(s) all interest, dividends, and other distributions that it receives on the assets in the account(s). In certain circumstances and subject to certain requirements, Sendero may allow a client to specify in writing that a third-party custodian be used for certain accounts in a program. The custodial fees and expenses charged by any third-

party custodian will be an additional expense to the client which is not covered by the fee paid under the applicable program.

B. Temporary Investment of Cash

Clients generally authorize the Custodian, to the extent permitted by applicable law, to invest cash balances in one or more money market funds, which may or may not be affiliated with the Custodian or Sendero. Clients receive current prospectuses for each money market fund in which the clients' assets are invested. Clients should refer to the prospectus for information about each money market fund and applicable fees. Assets held in such funds are subject to various fees and expenses, which are paid by such funds but which are ultimately borne by clients, and the Custodian, the Broker-Dealer and/or Sendero may receive compensation in connection with these funds, as described in the section entitled "*Conflicts of Interest*" below.

C. Types of Investments

Depending on the sophistication and risk tolerance of its clients, Sendero may recommend a wide mix of investment types to its clients. These investment types generally fall into four basic categories including: 1) Equity Securities, 2) Debt Securities, 3) Investment Company Securities, and 4) Alternative Investments. Equity Securities may include but are not limited to exchange listed securities, securities traded over-the-counter, and foreign equity securities. Foreign equity securities are limited to American Depository Receipts (ADRs) traded on domestic exchanges or over-the-counter in the United States. Debt Securities may include: corporate debt securities, commercial paper, municipal debt obligations, United States debt securities, and foreign debt securities including both obligation of foreign sovereign governments and foreign domiciled corporations. Investment Company Securities may include mutual funds, variable annuities, and variable life insurance.

Depending on the sophistication and risk tolerances of its clients, Sendero Wealth may recommend, as part of a client's overall investment strategy, that a portion of such client's assets be invested in private investment funds ("**Alternative Investments**"), including without limitation, hedge funds, real estate, real estate investment funds, oil and gas interests, and private equity funds. Alternative Investments present special risks for Sendero Wealth's clients, including, without limitation, limited liquidity, higher fees, volatile performance, heightened risk of loss, limited transparency, special tax considerations, subjective valuations, and limited regulatory oversight, and are not suitable for all of Sendero Wealth's clients. As a result, Sendero Wealth will offer Alternative Investments only to those qualifying clients for whom an investment therein is determined to be suitable.

D. Performance Reviews

Sendero will provide clients with quarterly performance reviews of the assets in the programs based on information provided by clients and/or information obtained from the relevant Portfolio Managers, Portfolio Funds and/or third parties. Sendero is not responsible for including information in any report, which it does not receive on a timely basis. Sendero and its affiliates are entitled to rely on the financial and other information that any client, Portfolio Manager, Portfolio Fund or third party provides to Sendero. Sendero does not independently verify this information nor does Sendero guarantee the accuracy or validity of such information.

Sendero does not provide tax advice, and nothing in the performance review should be construed as advice concerning any tax matter. Performance reviews are not a substitute for regular monthly account statements or Form 1099s. Performance reviews should not be used to calculate investment advisory or other fees or to complete income tax returns. Upon a client's specific request and subject to Sendero's policies and procedures and applicable law, the performance review may include information about assets

in addition to the assets covered by the applicable Client Agreement. By including any such assets in the performance review, Sendero is not undertaking to provide or be responsible for providing any services with respect to those assets under the Client Agreement.

Sendero advisory representatives are primarily responsible for reviewing the client accounts that they service on an ongoing basis. In addition, Sendero will perform periodic supervisory reviews.

E. Reporting

The Custodian will provide clients with separate confirmations of each transaction, monthly statements if there is account activity during the month, and quarterly account statements listing the assets in the account(s) and related information. In SIIMS, Clients may elect to receive a periodic statement of all transactions that are executed through the Custodian for the account(s) in lieu of separate transaction confirmations, and to have a copy of the confirmations of transactions sent to the applicable Portfolio Manager. The periodic statement will contain the required information, pursuant to the regulations and interpretations under the Securities Exchange Act of 1934, with respect to the executed transactions. A client that elects to receive a periodic statement may later choose to receive from the Custodian, at no additional cost, transaction confirmations for any prior transactions effected during any period in which the client previously elected not to receive separate transaction confirmations. Clients will not pay a different Fee based on this election and may rescind this election at any time upon written notice to the Custodian.

F. Aggregation of Transactions

Portfolio Managers or Sendero may, but are not required to, aggregate orders for the sale or purchase of securities for the account(s) with orders for the same security for other clients, including orders for Portfolio Managers', Sendero's and their affiliates' employees and their related persons. Aggregated orders will generally be filled at an average price, with a pro-rata share of transaction costs. On occasion, an aggregated order will not be fully executed, meaning that the entire order could not be reasonably filled. Any partial fill of such an aggregated order will be allocated on a basis determined by a Portfolio Manager or Sendero, as applicable, to be fair and equitable in accordance with applicable law. For more information about a Portfolio Manager's aggregation and allocation policies, please see the Portfolio Manager Disclosure Document.

G. Fees

The fee a client pays under a program may be higher or lower than the fees that Sendero would charge a client if the client had purchased the services covered by the fee separately, depending upon the level of the fee charged, the amount of portfolio activity in the client's account, the value of services provided under the program, and other factors. The Fee rate(s) are subject to negotiation between Sendero and each client, and may be higher or lower than the fees that Sendero charges other clients, depending on the extent of the services provided to those clients and the cost of such services, and may be higher or lower than the cost of similar services offered through other financial firms. Factors Sendero may consider in negotiating fees may include the amount and/or complexity of services required, the type of assets under management (generally lower fees will apply for services with respect to traditional equity and fixed income assets), the amount of assets under management, Sendero's prior relationship with its clients, the extent of reporting or other administrative services required, as well as the level of due diligence being provided by Sendero. The specific fee arrangements applicable to any particular client are set forth in the Client Agreement with Sendero. If there is a conflict between the preceding statements and the Client Agreement, the Client Agreement will control. The fee charged will not be affected by the services clients receive or the number of transactions executed during a quarter.

H. Information About Portfolio Managers and Portfolio Funds

Sendero may provide clients with information about Portfolio Managers and/or Portfolio Funds. The information may be prepared by Sendero or by a third party and is based on and/or incorporates information provided by Portfolio Managers, Portfolio Funds and other third party sources. Sendero believes that this information is accurate; however, Sendero does not independently verify or guarantee the accuracy or completeness of the information. Sendero shall have no liability with respect to information provided by such persons. Performance information provided about Portfolio Funds or Portfolio Managers' composites may be included in the information provided by Sendero or may be provided by Portfolio Managers or the Portfolio Funds directly. This performance is calculated by the Portfolio Managers and Portfolio Funds themselves or by third parties. This performance is not calculated or verified by Sendero. Thus, this performance may not be calculated on a uniform and consistent basis.

I. Sources of Information, Investment Strategies, and Methods of Analysis

Sendero relies on multiple sources of information and employ various methods of analysis in order to formulate client investment strategies. Sources of information include but are not limited to books, periodicals, financial newspapers and magazines, news services, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, inspection of corporate activities, research prepared by others, and any other source Sendero deems appropriate. In all cases, Sendero will comply with state and federal securities laws with regard to the acquisition and use of information.

Sendero endeavors to use information from the above sources to formulate investment strategies appropriate for each client's objectives, needs and risk tolerance. Sendero will use fundamental analysis, technical analysis, charting, and cyclical analysis. No one method dominates a majority of the time, and Sendero will use each method as it deems appropriate while in compliance with applicable state and federal securities laws.

As a result of its analysis, Sendero will recommend various investment strategies to each client depending the client's specific objectives, needs and risk tolerance. Strategies may include but are not limited to long-term purchases of securities (holding periods greater than one year), short-term purchases of securities (holding periods less than one year), margin transactions, options writing to include covered calls, and trading of securities in a limited set of circumstances.

J. Valuation

In valuing assets in an account, Sendero will use the values provided by the Custodian. Sendero believes this information to be reliable but does not verify the accuracy of the information provided by these sources. If any information provided by these sources is unavailable or is believed to be unreliable, Sendero will value assets in a manner Sendero determines in good faith to reflect fair market value. As a result, the determination of account asset values may differ for different purposes. For example, the account asset values used in the fee calculation may not match the asset values listed on the account's custodial statements. Detailed calculations of any account asset values are available upon request.

K. Risk

All trading in accounts is at the client's risk and the value of the assets is subject to a variety of factors, such as the liquidity and volatility of the securities markets. All securities investments involve financial risk for which the client is responsible and portfolio transactions may give rise to tax liability for which the client is also responsible. Clients receive no written or verbal guarantees regarding performance. Clients may lose money by investing through the program.

L. Solicitation Arrangements

If a client is introduced to Sendero by a solicitor, Sendero may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and the rules set forth by the respective state jurisdictions. Any such referral fee shall be paid solely from the fees earned by Sendero hereunder, and shall not result in any additional charge to the client. If the client is introduced to Sendero by a solicitor, the solicitor shall provide the client with a copy of Sendero's Form ADV Schedule H and a copy of the disclosure statement containing the information set forth in Rule 206(4)-3(b) of the Advisers Act.

IV. **Conflicts of Interest**

A. Brokerage Clients

Certain clients in the programs may also have brokerage accounts with the Broker Dealer in which Sendero does not act in an advisory capacity with the clients. In providing brokerage services to these clients separate and apart from their participation in the program, the Broker Dealer may enter into transactions as principal or agent, and may solicit these clients to invest in partnerships or investment vehicles in which Sendero or the Broker Dealer serves as the general partner or in a similar capacity, or from who Sendero or the Broker Dealer receives compensation in connection with investments made by these clients in such partnerships or other investment vehicles.

B. Compensation: Margin

The Broker Dealer may receive compensation based upon the margin (debt) balances maintained in such client's account. Margin (debt) balances may arise when a client or Portfolio Manager elects to purchase securities in excess of the cash balances available in the account to do so. Margin (debt) balances may also arise if a client elects to withdraw (borrow) money from its account, using the securities therein as collateral. And in turn, the Broker Dealer may pay the managing members of Sendero Wealth these compensation amounts.

C. Compensation: Referral Arrangements

Sendero Wealth has, and from time to time may, recommend to its clients investments with investment managers or in investment funds with whom Sendero Wealth has established a referral relationship through the Broker Dealer. Such referral relationships result in the receipt by the Broker Dealer from such investment managers or investment funds of a portion of the fees earned by such investment managers or investment funds in connection with the investment made by the referred client. It is important to note that the fees payable to the Broker Dealer in connection with such referral relationships are not payable by Sendero Wealth's clients (either directly or indirectly from their investment with such investment managers or in such investment funds), but rather are payable out of the fees earned by such investment managers and investment funds. If a client invests its assets with an investment manager or in an investment fund from whom the Broker Dealer receives a referral fee, the client will either (x) not be charged a fee in connection with such investment, or (y) receive a credit against fees payable to the Broker Dealer or Sendero Wealth in the amount of compensation the Broker Dealer or Sendero Wealth receives in connection with such investment, in each case for as long as Sendero Wealth continues to provide investment advisory services to such client in connection with such investment. Prior to making an investment with an investment manager or in an investment fund from which Sendero Wealth receives a referral fee, each client will be furnished with a disclosure statement consistent with Rule 206(4)-3(b) of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

D. Compensation to Advisory Representatives

A portion of the fee a client pays may be paid to the Sendero advisory representative servicing the account(s) (each, an “**Advisory Representative**”). The amount of this compensation may be more or less than what the Advisory Representative would receive if the client participated in other Sendero programs or paid separately for investment advice, brokerage, and other services. Accordingly, the Advisory Representative may have a financial incentive to recommend one program over other Sendero programs and services.

E. Investments in Funds

Clients may invest SIIMS Assets or Portfolio Managers may invest account assets in mutual funds (including money market funds), closed-end funds, exchange-traded funds, and other collective investment funds that have various internal investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses, which are set forth in the prospectuses of the funds. Information about a fund’s fees and expenses may be found in the fund’s prospectus. These fees and expenses are paid by the funds but ultimately are borne by clients as fund shareholders, and are in addition to the SIIMS Fees and generally will not be deducted from such fees. With respect to assets of a client invested in a money market account, mutual fund, or other pooled investment vehicle, client may be able to pay lower expenses by directly investing in such investment vehicles.

Sendero may receive compensation in connection with the sale of interests in a fund, which may include a distribution fee pursuant to Rule 12b-1 promulgated under the Investment Company Act of 1940, as amended, or solicitors’ fees within the meaning of Rule 206(4)-3 promulgated under the Investment Advisers Act of 1940, as amended, in each case to the extent permitted by applicable law.

F. Other Business Activities

Scott McMillian is the managing member and, as such, manages the investment advisory activities of Sendero Wealth. Such activities are estimated to utilize approximately eighty (80%) percent of Mr. McMillian’s time. However, he is a registered representative of the Broker Dealer. Such activities are estimated to utilize approximately twenty (20%) percent of Mr. McMillian’s time. Likewise, Mr. Middleton, Mrs. Kahn-Smith, Mr. Carter, Mrs. Hall, Mr. Clark, Mrs. Maxwell, and Mrs. Allen are all registered representatives of Sendero Securities, LLC. Each of them allocates approximately 85% of their time to Sendero Wealth Management’s investment advisory services with activities as a registered representative of the Broker Dealer utilizing the remaining 15% of their time.

G. Other Business Relationships with Portfolio Managers and Portfolio Funds

Sendero or its affiliates may from time to time enter into joint marketing activities with Portfolio Managers, Portfolio Funds and/or service providers to Portfolio Funds. These Portfolio Managers, Portfolio Funds and/or services providers may pay for, or may reimburse Sendero or its affiliates for, all or a portion of the cost of these activities.

#### H. Principal, Agency & Other Transactions

Clients may enter into principal or agency transactions with the Broker Dealer. The Broker Dealer may charge a “mark-up”, “mark-down” or commission in connection with these transactions; however, the “mark-ups”, “mark-downs” or commissions will not exceed the usual and customary “mark-ups”, “mark-downs” or commissions. These transactions will be conducted subject to proper and customary disclosure, including, but not limited to, compensation received by Sendero or the Broker Dealer and/or its registered representatives. Compensation will be received by the Broker Dealer, in its capacity as broker-dealer and/or its registered representatives, when portfolio transactions are effected on behalf of clients.

Should any of Sendero’s clients enter into a principal, agency or “agency cross” transaction with the Broker Dealer, such transaction shall be consistent with Sendero's duties to its clients and only after prior disclosure to and/or written approval from the client has been obtained as required by applicable law.

#### I. Code of Ethics

As discussed below, Sendero has implemented an investment policy relative to personal securities transactions. This investment policy is part of Sendero’s overall Code of Ethics which serves to establish a standard of business conduct for all of Sendero’s personnel that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request at no charge.

Sendero does not exercise discretion over which securities are bought or sold for its clients; rather, the client or Portfolio Managers with whom the clients’ assets have been invested exercise discretion over the purchase and sale of securities. To prevent conflicts of interest, all personal trades made by access persons of Sendero are reviewed by supervisory personnel (except transactions in investment company securities and/or other exempt transactions). Additionally, Sendero’s policies and procedures prohibit the misuse of material non-public information and are designed to prevent insider trading by any employee or supervised person of Sendero.

Notwithstanding the above, Sendero, its employees and/or related persons may purchase or sell for themselves similar or different securities as are recommended to its clients, and Sendero may recommend the purchase and sale of the same or different securities for different clients at different times, which could result in a client purchasing a security for which Sendero has also recommended another client sell or vice-versa.

#### J. Advice May Differ

Sendero and Portfolio Manager(s) provide investment advisory services to other clients. Sendero and Portfolio Manager(s) may give different advice or take different action for any other client or account, including their own accounts or those of their affiliates, than the advice Sendero and Portfolio Manager(s) gives or action they take for a particular client account.

#### K. Confidential and Non-Public Information

In the course of its activities, Sendero, Portfolio Manager(s) and their affiliates may acquire confidential or material non-public information. Sendero and Portfolio Managers(s) will not be free to divulge to clients, or to act upon, such information.

#### V. **Sendero Personnel**

Sendero generally requires associated persons to have a college degree or a minimum four-years related experience, to have displayed a high degree of integrity in a previous business background, to have high standards of morals and ethics, and to be committed to providing quality service.

*Frederick W. Middleton* was born in 1937. He attended the University of Texas, Austin and graduated in 1961 with a Bachelor of Arts in Business Administration. His business background for the preceding five (5) years includes the following: from May 2007 to present, Sendero Wealth Management, LLC, Managing Member; from March 2000 to December 2007, Redstone Consulting, LLC, Executive Vice President, Registered Investment Advisory Representative and Registered Representative; from March 2000 to June 2004, The Redstone Companies, L.P., Executive Vice President; and from November 1986 to March 2000, Paine Webber Inc., Senior Vice President of Investments.

*Scott R. McMillian* was born in 1967. He attended Texas A&M University and received a Bachelor of Basic Business Administration in Accounting in 1989 and a Masters of Science in Accounting in 1990. He is a Certified Financial Planner (CFP) and a Certified Public Accountant (CPA). His business background for the preceding five (5) years includes the following: From May 2007 to present, Sendero Wealth Management, LLC, Managing Member; from January 2000 to present, Redstone Consulting, LLC, Vice President, Registered Advisory Representative and Registered Representative; and from April 1998 to December 1999, Paine Webber Inc., Investment Associate. Mr. McMillian is a member of the Texas Society for Certified Public Accountants and the American Institute of Certified Public Accountants.

*Fred H. Falls* was born in 1940. He attended Saint Mary's University and received a Bachelor of Basic Business Administration in Accounting in 1970. He is a Registered Investment Advisor and a Certified Public Accountant (CPA). His business background for the preceding five (5) years includes the following: From December 2007 to Present, Sendero Wealth Management, LLC, Registered Advisory Representative; from April 2005 to December 2007, Redstone Consulting LLC, Registered Investment Advisory Representative; January 2000 to April 2005 Williams, Crow, Falls as a CPA and Falls Wealth Management, President, Investment Advisory Representative. Mr. Falls is a member of the Texas Society for Certified Public Accountants and the American Institute of Certified Public Accounts.

*Lisa Kahn-Smith* was born in 1959. She serves as Chief Compliance Officer and Operations Manager for Sendero Wealth Management coordinating all areas of operations and day to day activity as well as all regulatory compliance requirements for the firm. Lisa opened the San Antonio branch of Redstone Consulting, LLC in 2000. She has worked in the securities operations business and with Fred Middleton for more than 30 years.

*Thomas A. Carter* was born in 1962. He serves as Chief Financial Officer for Sendero Wealth Management. Tommy worked as an Equity Securities Analyst at USAA Investment Management Company from 1987 until 2001 when he joined the San Antonio office of Redstone Consulting, LLC. Tommy has a BBA in Economics & Finance from Texas Tech University and an MBA in Accounting from St. Mary's University. He is a licensed CPA and a Chartered Financial Analyst.

*Kate K. Hall* was born in 1969. She serves as Director of Investment Strategy for Sendero Wealth Management. In opening the Houston branch of Redstone Consulting, LLC in 2000, Kate built an investment platform that offered clients the opportunity to diversify across asset classes, styles, capitalizations and geographic locations. She received her B.A. in English and Spanish from Texas Christian University. She is a member of the Investment Management Consultants Association (IMCA) and has earned her CIMA (Certified Investment Management Analyst) designation

*Jeffrey B. Clark, Jr.* was born in 1969. He is an Analyst for Sendero Wealth Management. He started at the San Antonio branch of Redstone Consulting, LLC in 2005. Prior to that he spent eight years at First Rate Investment Systems, a portfolio analysis software company, and also worked as an institutional client service officer at Trusco Capital Management. He has a Bachelor of Science in Finance from Florida State University and an MBA from Rollins College Crummer School of Business.

*Tara D. Maxwell* was born in 1970. She is Director of Human Resources and Client Service Operations for Sendero Wealth Management. Tara opened the San Antonio branch of Redstone Consulting, LLC in 2000. Tara studied elementary education at Southwestern Oklahoma State University and has worked as a licensed real estate consultant.

*Brenda D. Allen* was born in 1959. She attended San Antonio College. Brenda's business background for the preceding five (5) years includes the following: From May 2007 to present, Sendero Wealth Management, LLC, Registered Advisory Representative; from April 2001 to December 2007, Redstone Consulting LLC, licensed broker and administrative assistant.

*Michael E. Miller* was born in 1983. He attended Texas Christian University and received a Bachelor of Business Administration in 2005 with specialization in both Accounting and Finance. He joined Sendero Wealth Management in 2008 and currently serves as an Analyst. Prior to working for Sendero Wealth Management, he worked as a senior accountant/financial analyst for JMJ Associates, an international consulting firm, and as an assistant controller for Christian Brothers Automotive Corporation. Mike has passed all three levels of the Chartered Financial Analyst Program and will be eligible for the CFA charter upon completion of the required work experience.

- \* Note that the positions held by the individuals with the employers listed above reflect their latest position with such employers, and that such individuals may have changed positions and responsibilities over the term of their employment.