



## **SENSUS Wealth Management Group LLC**

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**ADV Part 2**

**Disclosure Brochure**

**August 2016**

This brochure provides information about the qualifications and business practices of SENSUS Wealth Management Group LLC. If you have any questions about the contents of this brochure, please contact us at (210) 735-4000. 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.

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

## Material Changes

Since our last annual update of this brochure in March 2016, we do not have any material changes to report.

As our business is constantly evolving, we review our policies and procedures on a regular basis. In evaluating their continuing effectiveness, we may amend this document along with our policies and procedures from time to time.

Our brochure may be requested by contacting Rozanne McManus at (210) 735-4000 or [rozanne.mcmanus@sensuswealth.com](mailto:rozanne.mcmanus@sensuswealth.com). Our brochure is also available on our website [www.sensuswealth.com](http://www.sensuswealth.com). We will provide you with a new brochure at any time without charge.

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## ADVISORY BUSINESS

### Advisory Firm Description

SENSUS Wealth Management Group LLC (“SENSUS Wealth”, the “Firm”, or “Adviser”) was organized as a Texas limited liability company on February 22, 2010. The Firm began managing investment assets in June 2011. The principals and owners of the Firm are Randall H. Fields and Daniel E. Rodriguez.

OPCIÓN Investment Strategy (“OIS”), a division of SENSUS Wealth, implements the Firm’s option investment advisory service for client accounts.

### Types of Advisory Services

The Firm provides investment advisory services to individual clients. The Firm manages portfolios for individual clients on a discretionary or non-discretionary basis, depending upon the client’s investment objective and risk profile.

### Risk Based Investment Modeling Services

The Firm offers risk based investment modeling services through Investnet Asset Management, Inc. (“Investnet”). Investnet is a “turnkey asset management provider” (“TAMP”), which provides risk based investment modeling services to clients of broker/dealers and registered investment advisers throughout the United States. The Firm uses Charles Schwab & Co., Inc. (“Schwab”) as custodian and tax reporter for these accounts. There is no relationship between the Firm and either Investnet or Schwab, other than contractual relationships for their services.

### Option Program

The Firm offers an option investment advisory service through its OPCIÓN Investment Strategy division to “Qualified Clients” (see below). Under the OPCIÓN Investment Strategy, the Firm has discretionary trading authority to buy and sell financial index options on behalf of client accounts. The Firm has contracted with Interactive Brokers LLC, an independent broker/dealer firm, for trading, custodial and reporting services in connection with OPCIÓN Investment Strategy. There is no relationship between Interactive Brokers LLC and the Firm other than the contractual relationship for provision of custodial, reporting and trading services.

### Qualified Clients

Only “Qualified Clients” (as defined by Rule 275.205-3 by the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, in effect at the time of execution of the client agreement) are charged performance fees in the OPCIÓN Investment Strategy. In general, Rule 275.205-3 defines a “Qualified Client” as a natural person who, or a company that: (i) immediately after entering into an investment advisory contract, has at least \$1,000,000 under the management of the investment adviser; or (ii)

the investment adviser reasonably believes, immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,100,000, exclusive of the client's primary residence.

### **Subadvisory Services**

SENSUS Wealth Management Group LLC may engage as a Sub-Advisor to act as a sub investment advisor pursuant to and in accordance with the terms and conditions set forth in the Investment Sub-Advisory Agreement.

### **Tailored Advisory Services**

Clients can impose restrictions on investment in certain categories of securities. Also, the portion of each client's portfolio that will be invested in the Firm's financial index option program will be determined after consultation with each client.

### **Client Assets Under Management**

As of December 31, 2015, the Firm had approximately \$42,308,171 of discretionary and approximately \$1,988,279 of non-discretionary assets under management.

## **FEES AND COMPENSATION**

**Performance Fees:** Qualified Clients electing to participate in the OPCIÓN Investment Strategy are charged a "Performance Fee" monthly in arrears. The Performance Fee is equal to **25%** of the monthly account trading profits in excess of a "Hurdle Rate." The "Hurdle Rate" is equal to **5.0%** of the account's cash value divided by twelve, and is adjusted for any contributions or withdrawals in the account during the month. Under this schedule, a Performance Fee is payable only if the account's monthly trading profits exceed the Hurdle Rate. Performance Fees are withdrawn monthly in arrears directly from the client accounts. The Firm sends clients participating in the OPCIÓN Investment Strategy a monthly statement showing the amount of the Performance Fee and how the fees are calculated.

**Management Fees:** Clients electing to use the risk based asset modeling services offered through Envestnet are billed a "Management Fee" equal to a percentage of assets under management, quarterly in advance. The percentage charge ranges between **0%** and **3%** per annum, depending upon the aggregate value of all accounts within a client household. Management fees cannot exceed 3% of assets under management for these accounts. Fees are billed directly to, and debited from, the client's account by the Custodian, quarterly in advance. Management fees of 3% or greater are considered in excess of the industry norm; comparable services may be obtained for less.

Clients electing to participate in the OPCIÓN Investment Strategy are not charged a Management Fee for assets managed within the OPCIÓN Investment Strategy.

Clients are responsible for verifying fee computations with quarterly statements from the custodian, showing all amounts paid from client's account, including the Firm's fees. Clients also have full time access to their accounts on the custodian's website, and can review daily, weekly and monthly activity reports, as well as other account information.

Fees are generally not negotiable and may be waived for employees, friends and family.

### **Additional Fees**

Individual client accounts also pay any fees assessed by the custodian and/or broker/dealer. These additional fees might include trade commissions or transaction fees, custodial fees, margin interest, wire fees, exchange fees, etc. These are paid directly by each account.

### **Termination**

Clients choosing to terminate the agreement during a billing period will be refunded any unearned prepaid fees on a pro rata basis.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

### **Performance Fee – Individual Clients**

A performance fee is charged to "Qualified Clients" (discussed above) by the Firm at the rate of 25% of the monthly trading profits in excess of the Hurdle Rate, and is charged to the client on a monthly basis, in arrears, by deduction from the client's account. However, in the case of a complete or partial withdrawal, the Performance Fee is charged as of the date of the withdrawal on the basis of net trading profits in the client's account through the withdrawal date (but only with respect to the amount withdrawn on a pro rata basis in the event of a partial withdrawal).

### **Side-by-Side Management**

Since Performance Fees are charged to individual clients, the Firm may make riskier investments than otherwise might be the case in order to increase the performance. Not all accounts managed by the Firm pay Performance Fees, so there may be an incentive for the Firm to favor the performance-based clients. This is mitigated by differences in investment objectives for each individual account and constant monitoring to ensure all clients are treated fairly.

## TYPES OF CLIENTS

The Firm provides investment advisory services to:

- Individuals
- Institutions
- High net worth individuals
- Other investment advisers

Minimum account sizes for separate accounts will be negotiated on a case-by-case basis. The firm requires a minimum account size of \$100,000 for participation in the OPCIÓN Investment Strategy.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis

The Firm uses a combination of the following types of analysis in evaluating investments for client accounts:

- Technical—Analysis which reviews past performance in order to predict future performance. Our technical analysis includes but is not limited to charting and statistical analysis of the S&P 500 Index® to identify patterns, levels of support and resistance, and correlations to other indexes such as the CBOE Volatility Index®. We also analyze historical index data and OPCIÓN Investment Strategy performance to develop risk management models for a variety of market conditions. In our technical analysis of options we examine “the greeks”, which are an option’s measurements of volatility, time decay, and its relationship to the underlying instrument, and we also monitor the trading volume, price spreads, and put/call ratio of options.
- Fundamental—Analysis of underlying components that affect economic and market conditions. Our fundamental analysis includes but is not limited to studying market research, leading economic indicators, central bank policies, and geopolitical issues. In particular, we evaluate reports on the US labor market, productivity, consumer confidence, and gross domestic product (GDP) as we look for investment opportunities that will suit economic conditions. We monitor the activity of the Federal Reserve, including Beige Book reports and Federal Open Market Committee statements and minutes, and we study the movement of the US Dollar in comparison to other currencies. We track global markets, especially in Asia and Europe, and geopolitical issues in order to assess potential effects on US markets and to manage risk and identify investment opportunities for our clients.

The Firm uses the following sources of information in its analysis:

- Financial news media such as Bloomberg, CNBC, The Wall Street Journal, The New York Times, and Morningstar®.

- Research materials prepared by others, for example, reports, white papers, and case studies by sources such as Envestnet®, eVestment, and financial newsletters and market commentaries prepared by financial advisors and financial institutions.
- Published historical index return values, for example, historical data for the S&P 500 Index® and CBOE Volatility Index® from sources such as CBOE®, S&P Dow Jones Indices, and Morningstar®.
- Government reports on monetary policy and economic data, including but not limited to jobless, employment, and Consumer Price Index (CPI) reports by the US Department of Labor, gross domestic product (GDP) reports by the US Department of Commerce, Beige Book reports by the Federal Reserve Districts, and Federal Open Market Committee statements and minutes by the Federal Reserve

### **Investment Strategies**

The investment strategies the Firm uses to implement investment advice include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Short sales
- Margin transactions
- Option writing, including covered options, uncovered options or spreading strategies

Our investment strategies may include any of the above based on the client's objectives and guidelines, which may be changed at any time. Clients may place reasonable restrictions on the strategies to be employed and the types of investments to be held in their accounts. It is important for the client to remember to update us with any changes in investment objectives and guidelines. Although we manage the client's assets in a manner consistent with the client's risk tolerance, there can be no guarantee that our efforts will be successful. Clients should be prepared to bear the risk of loss.

### **Risk of Loss**

The Firm does not guarantee the future performance of the account or any specific level of performance, the success of any investment decision or strategy that the Firm may use, or the success of the Firm's overall management of the account. The client understands that investment decisions made for the client's account by the Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. Other specific risks are discussed below.

**General:** All securities investing and trading activities risk the loss of capital. While the Firm will attempt to moderate these risks, there can be no assurance that the Firm's investment activities will be successful or that losses will not be suffered. An investment in an individual account is suitable only for persons who have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in their investments.



**Overall Investment Risk:** All securities investments risk the loss of capital. The nature of the securities to be purchased and traded and the investment techniques and strategies to be employed by the Firm may increase this risk. While the Firm will devote its best efforts to the management of portfolio, there can be no assurance that the individual accounts will not incur losses. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments, may cause sharp market fluctuations that could adversely affect performance.

**Transactions in Securities:** There is no assurance that the Firm will correctly evaluate the nature and magnitude of the various factors that could affect the prospects invested securities. The individual account holders may lose their entire investment or may be required to accept cash or securities with a value less than their original investment. Under such circumstances, the returns generated from investments may not be adequate compensation for the risks assumed.

**S&P 500 Index® Options:** OPCIÓN Investment Strategy consists of short selling “hedged spread” positions of cash settled S&P 500 Index® (SPX SM) options with regular monthly A.M. settlement and SPX SM with weekly P.M. settlement (SPX Weekly’s SM) options – SPXW). OPCIÓN Investment Strategy’s objective is for all of the positions to expire worthless (that is, “out of the money”), so that the client account retains the net premium realized when the positions are established. Hence, the goal is to aggressively create income using the OPCIÓN Investment Strategy (our proprietary intrinsic model). A “spread” consists of the purchase and sale of options having the same underlying financial index and expiration, but different strike prices. In a “vertical spread” we sell (“short”) an option with a strike price that is “out of the money” (that is, below the current market level of the underlying index for a PUT option, and above the current level of the underlying index for a CALL option). At the same time, we purchase (“long”) an option with the same underlying index and the same expiration, but with a strike price that is usually 5 points further out of the money than the option that is sold. The objective of a short vertical spread is for the index settlement price at expiration to remain above OPCIÓN Investment Strategy’s short strike price for PUT vertical spreads, and below OPCIÓN Investment Strategy’s short strike price for CALL vertical spreads.

**Options:** Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

With certain exceptions, exchange listed options generally settle by physical delivery of the underlying security or currency, although in the future cash settlement may become available. Index Options are cash settled for the net amount, if any, by which the option is “in-the-money” (i.e., where the value of the underlying instrument exceeds, in the case of a call option, or is less than, in the case of a put option, the exercise price of the option) at the time the option is exercised. Frequently, rather than taking or making delivery of the

underlying instrument through the process of exercising the option, listed options are closed by entering into offsetting purchase or sale transactions that do not result in ownership of the new option. The Firm's ability to close out its position as a purchaser or seller of a listed put or call option is dependent, in part, upon the liquidity of the option market.

**Over-the-counter ("OTC"):** options are purchased from or sold to securities dealers, financial institutions or other parties ("Counterparties") through direct bilateral agreement with the Counterparty. In contrast to exchange listed options, which generally have standardized terms and performance mechanics, all the terms of an OTC option, including such terms as method of settlement, term, exercise price, premium, guarantee, and security, are set by negotiation of the parties. The Firm expects generally to enter into OTC options that have cash settlement provisions, although it is not required to do so. Unless the parties provide for it, there is no central clearing or guaranty function in an OTC option. As a result, if the Counterparty fails to make or take delivery of the security, currency or other instrument underlying an OTC option it has entered into with the Firm or fails to make a cash settlement payment due in accordance with the terms of that option, the Firm's loss of premium it paid for the option will not be offset by any anticipated benefit of the transaction.

When an option is purchased, the price of the option and transaction charges to the broker effecting the transaction must be paid immediately. If a security is acquired by exercising an option as opposed to purchasing such security directly, the total cost of acquiring the security may be more than the amount of the brokerage costs which would be payable if the security were to be purchased directly. If a put or call option purchased were permitted to expire without being sold or exercised, the premium paid for the option will not be offset by any potential gain on the exercise of the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold to the account holder at a higher price than its current market value. The risk involved in writing ("selling") a call option is that there could be an increase in the market value of the underlying security caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold at a lower price than its current market value. Purchasing and writing put and call options and, in particular, writing "uncovered" options are highly specialized activities and entail greater than ordinary investment risks.

**Hedging Transactions:** The Firm plans to hedge each short option position with a long option position that is further out of the money at the time of the transaction. The Firm is not required to attempt to hedge other portfolio positions and, for various reasons, may determine not to do so. Furthermore, the Firm may not anticipate a particular risk so as to hedge against it. The Firm may utilize financial instruments, both for investment purposes and for risk management purposes in order to seek to: (i) protect against possible changes in the market value of investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect unrealized gains in the value of investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or

preserve returns, spreads or gains on any investment in the portfolios; (v) hedge the interest rate or currency exchange rate on any of the portfolio liabilities or assets; (vi) protect against any increase in the price of any securities the Firm anticipates purchasing at a later day; or (vii) for any other reason that the Firm deems appropriate.

The success of any hedging strategy that the Firm may employ will be subject to the Firm's ability to correctly access the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Firm's hedging strategy will also be subject to the Firm's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Firm may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if it had not engaged in any such hedging transactions. For a variety of reasons, the Firm may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Firm from achieving its intended hedge or expose the portfolios to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of portfolio holdings.

Under certain market conditions, it may be difficult or impossible to liquidate a position. Generally, an offsetting transaction must be entered in order to liquidate a position in an option contract. If a position in an option contract cannot be liquidated, gain in the value of the position, or prevention of further losses in a position, may not be realized. This inability to liquidate could occur, for example, if trading is halted due to unusual trading activity in either the option contract or the underlying index; if systems failures occur on an exchange or at the firm carrying the position; or if the position is on an illiquid market. Even if a position can be liquidated, it may be at a price that involves a large loss. Under certain market conditions, it may also be difficult or impossible to manage risk from open option positions by entering into an equivalent but opposite position in another contract month, on another market. This inability to take positions to limit risk could occur, for example, if trading is halted across markets due to unusual trading activity in the contract. Under certain market conditions, the prices of option contracts may not maintain their customary or anticipated relationships to the prices of the underlying index. These pricing disparities could occur, for example, when the market for the option contract is illiquid or when trading is delayed or halted in some or all of the securities that make up the index. As with any financial transaction, losses may be experienced if orders for option contracts cannot be executed normally due to systems failures on a regulated exchange or at the brokerage firm carrying the position. Losses may be greater if the brokerage firm carrying the position does not have adequate back-up systems or procedures. All option contracts involve risk, and there is no trading strategy that can eliminate risk. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to the intended amount. Market conditions may make it impossible to execute the order or to get the stop price.

**Trading Limitations:** For all securities listed on public exchanges, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could subject portfolios managed by the Firm to a loss.

**Fixed-Income Investments:** The value of the fixed-income securities in which the Firm may invest will generally change as the general levels of interest rates fluctuate. Generally, when interest rates decline, the value of the long fixed-income portfolio can be expected to rise while that of its short fixed-income portfolio can be expected to decline.

Conversely, when interest rates rise, the value of a long fixed-income portfolio can be expected to decline while that of a short fixed-income portfolio can be expected to rise.

**Portfolio Turnover:** The Firm will principally engage in selling Index Option vertical spread positions, which will have an average holding period of about 7-30 days between the date the positions are opened and expiration of the options. Accordingly, a portfolio's annual portfolio turnover rate may be 100% or more per month. The Firm has not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Firm, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate.

**Index-Based Trading:** Trading in index-based unit investment trusts and exchange-traded funds generally involves risks similar to other securities trading. Additionally, these instruments may not move in tandem with the indices upon which they are based.

**Derivative Transactions:** Generally, the Firm may engage in derivative transactions such as swaps, futures, and forwards for hedging purposes. The risks associated with derivative transactions are potentially greater than those associated with the direct purchase or sale of the underlying securities because of the additional complexity and potential for leverage. In addition, derivatives may create credit risk (the risk that a counterparty on a derivative transaction will not fulfill its contractual obligations), as well as legal, operations, reputation and other risks beyond those associated with the direct purchase or sale of the underlying securities to which their values are related.

**Failure of Brokers and Other Depositories:** There is the possibility that the institutions, including brokerage firms and banks, with which the Firm will do business, or with whom securities may be entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities or the capital position of the portfolios managed by the Firm. The Firm may maintain a substantial portion of assets in clearing accounts pursuant to clearing agreements with foreign clearing firms (including banks and brokers) and foreign affiliates of United States broker-dealers. Foreign clearing firms are generally not subject to United States laws and regulations and foreign markets may be subject to less regulation and supervision than in the United States. Transaction costs of investing in non-U.S. securities in foreign markets may be higher than in the United States and clearance procedures may be less efficient.

Clients are reminded that investing in any security entails risk of loss, which they should be willing to bear.

## **DISCIPLINARY INFORMATION**

There have been no disciplinary actions against SENSUS Wealth Management Group LLC, Mr. Fields or Mr. Rodriguez.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Mr. Fields is an attorney and may be compensated for consulting purposes. This activity does not pose a conflict of interest and time spent consulting as an attorney is minimal.

Mr. Rodriguez has business interests outside of the firm, and may receive compensation from these interests. This activity does not pose a conflict of interest and time spent with these interests is minimal.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

The Firm has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”) and focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of the Firm’s Code of Ethics, which will be provided at no cost.

The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- The interest of clients comes before employees’ personal interests and before the Firm’s interests.
- The Firm must fully disclose all material facts about conflicts of interest of which it is aware between itself and clients as well as between Firm employees and clients.
- Employees must operate on the Firm’s behalf and on their own behalf consistently with the Firm’s disclosures and to manage the impacts of those conflicts.

- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

### **Misuse of Nonpublic Information**

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal or clients' securities trades.

### **Personal Securities Trading**

All employee participation in private placements or initial public offerings must be pre-approved by the compliance officer

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the compliance officer to ensure compliance with the Firm's policies.

### **Outside Business Activities**

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the employee will be directed to cease this activity.

## **BROKERAGE PRACTICES**

### **Selection of Brokers**

The Firm has discretionary authority to (a) buy, sell, exchange, convert or otherwise trade in any approved securities and (b) place orders for the execution of such securities transactions with or through such brokers-dealers as we may select, subject to the terms of the client's Advisory Agreement. We adhere to the restrictions of each client's investment policy, objectives and guidelines.

### **Best Execution**

The Firm recognizes its responsibility to attain best execution of trades conducted on behalf of clients. The Firm considers the following in determining best execution: access to order flow, financial stability of broker/dealer, ease of correcting errors, quality of reports, access to research, commission structure, accuracy and speed of execution. The Firm periodically assesses its broker/dealer relationships to monitor quality of executions.

### **Research and Other Soft-Dollar Benefits**

The Firm currently has no formal soft-dollar arrangements, where specific products or services are paid for with soft dollars generated for the Firm by individual trades the Firm places in client accounts. However, the custodians provide the Firm with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

### **Brokerage for Client Referrals**

The Firm does not receive referrals from a broker/dealer or third party providing service to the Firm.

### **Directed Brokerage**

Some clients may choose to execute trades through broker/dealers with whom they have an existing relationship. In this instance, the Firm is less able to meet its fiduciary duty to obtain best execution for transactions executed for clients. These clients are also unable to participate in aggregated trade orders.

### **Order Aggregation**

The Firm will generally aggregate brokerage orders for its clients and allocate the securities purchased or sold among the participating accounts, with each account receiving the same terms. The proportion in which participating accounts will share transactions will be determined by the Firm on the basis of investment objectives, cash availability, expected cash and liquidity needs, and other relevant factors. The overarching principle for that allocation is that no client is intentionally favored over another client that is similarly situated.

### **Trade Errors**

Any trade errors resulting in losses in an individual client will be assumed by the Firm.

## **REVIEW OF ACCOUNTS**

The Firm reviews separate accounts at least annually. Triggering factors for additional reviews would include major market moves, changes in investment objective or a client's financial circumstance. Such reviews entail looking at holdings of each portfolio and cash flows in light of each client's investment objective.

Clients with separate accounts are required to open accounts with qualified custodians, which send at least quarterly statements directly to clients. These statements show the account holdings valued as of period end and all transactions occurring during the period.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

The Firm pays referral fees to independent contractors and registered investment advisors. The referring party receives a percentage of our fees or may receive a fixed fee, as specified in the contract between that solicitor and the Firm, which is paid from the management fee the client pays to SENSUS Wealth. All such referred clients sign a disclosure acknowledgement letter detailing this relationship and the fee arrangement. Clients pay the same fees to SENSUS Wealth regardless of whether or not they were introduced to the Firm by an outside party receiving a portion of the management fee paid to the Firm.

## **CUSTODY**

Because the Firm generally has the authority to instruct the account custodian to deduct the investment management fee and the performance allocation directly from the client's account, the Firm is considered to have "custody" of client assets. Custody is defined as having any access to client funds or securities. This limited access is monitored by the client through receipt of account statements directly from the custodian. These statements all show the deduction of the management fee and the performance allocation from the account. Otherwise, the Firm may only direct the movement of funds from one account in the client's name to another such titled account, but has no other access to funds.

## **INVESTMENT DISCRETION**

For discretionary accounts, the Firm has full trading authority under a limited power of attorney assigned to the Firm, which is included in the investment advisory agreement. The Firm will exercise discretion in a manner that is consistent with the stated investment objectives for the account. The Firm only exercises discretion in accounts where the Firm has been authorized to do so, in writing, by the client. As a result, the Firm will determine both the type and amount of investments, to be purchased or sold on each client's behalf. The Firm follows the investment strategy as set forth in the investment advisory agreement. Clients may place restrictions on the Firm's discretion in writing.

Nondiscretionary accounts are managed for clients not willing or unable to provide limited power of attorney to the Firm.

## **VOTING CLIENT SECURITIES**

We do not vote proxies for clients or assist with proxy voting decisions. Clients receive proxy voting material directly from the account custodian.

## **FINANCIAL INFORMATION**

There is no financial condition that is reasonably likely to impair the Firm's ability to meet its contractual commitments to its clients.



## REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Please see the brochure supplement for information regarding the Firm's owners, Randall H. Fields and Daniel E. Rodriguez.

For information regarding the calculation of performance-based fees and risk to the client, please see the "Performance-based Fees and Side-by-Side Management" section of this brochure.

Neither the Firm nor any of its officers or principals has been involved in an award in an arbitration claim alleging damages, or an award of being found liable in a civil, self-regulatory organization, or administrative proceeding.

Neither the Firm nor any of its officers or principals has a relationship or arrangement with an issuer of securities.