

# Disclosure Brochure

April 22, 2013



465 South Street, Suite 304  
Morristown, NJ 07960

(973) 206-7320

This brochure provides information about the qualifications and business practices of Acertus Capital Management, LLC (hereinafter "Acertus"). If you have any questions about the contents of this brochure, please contact Emil Coscarelli at (973) 206-7320. 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 Acertus is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Acertus is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Acertus is required to discuss any material changes that have been made to the brochure since the last annual amendment filed April 1, 2013.

Acertus has the following material changes to disclose:

- Acertus provides investment management services to the newly formed Planned Return Strategy Fund, LLP (the "*Private Fund*").

## Item 3. Table of Contents

Item 1. Cover Page .....	i
Item 2. Material Changes .....	ii
Item 3. Table of Contents .....	iii
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	6
Item 6. Performance-Based Fees and Side-by-Side Management .....	8
Item 7. Types of Clients .....	9
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9. Disciplinary Information .....	12
Item 10. Other Financial Industry Activities and Affiliations .....	13
Item 11. Code of Ethics .....	14
Item 12. Brokerage Practices .....	15
Item 13. Review of Accounts .....	18
Item 14. Client Referrals and Other Compensation .....	19
Item 15. Custody .....	20
Item 16. Investment Discretion .....	21
Item 17. Voting Client Securities .....	22
Item 18. Financial Information .....	23

## Item 4. Advisory Business

Founded and principally owned by Mitchell D. Eichen, Acertus provides investment management services to other investment advisers. The firm has been in business since February 2011. When an investment advisory firm is Acertus' client, the term "client(s)" for purposes of this Disclosure Brochure sometimes refers to the clients of the advisory firm that engages Acertus.

Prior to engaging Acertus to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Acertus setting forth the terms and conditions under which Acertus renders its services (collectively the "*Agreement*").

This Disclosure Brochure describes the business of Acertus. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of the firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Acertus' behalf and is subject to Acertus' supervision or control.

As of December 31, 2012, Acertus had \$417,620,503 in assets under management, all of which was managed on a discretionary basis.

### Investment Management Services

---

Clients can engage Acertus to manage all or a portion of their assets on a discretionary basis. The firm offers a platform of management services to individuals and businesses as well as other investment advisers through a sub-advisory relationship.

As detailed in Item 8, Acertus' primary strategies are the (1) Planned Return Strategy®; (2) Accelerated Return Strategy™ and (3) Third Rail Strategy™. These strategies either utilize exchange-traded fund ("ETF") strategies using options in an effort to enhance the return and/or buffer the downside or utilize options to replicate ETF exposure and are offered in a separately managed account format.

Acertus may tailor its advisory services to the individual needs of clients. Acertus consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Acertus ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance when advising directly to clients rather than acting as a sub-advisor.

Adviser clients are advised to promptly notify Acertus if there are changes in their client's financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon Acertus' management services. Clients may impose reasonable restrictions or mandates on the management of their account if, in Acertus' sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## Management of Collective Investment Vehicle

---

Acertus is the general partner of the *Private Fund*, a Delaware limited partnership formed in December 2012. Interests in the *Private Fund* are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The *Private Fund* currently relies on an exemption from registration under the Investment Company Act of 1940, as amended. Acertus' has discretionary authority to determine the broker or dealer to be used by the *Private Fund*. The *Private Fund* is designed to deliver low volatility, consistent and predictable return patterns around a broad market index by enhancing positive, and buffering negative, market returns. The *Private Fund* seeks to deliver these return patterns through the systematic purchase of regular rolling investments or "tranches" comprised primarily of long and short traded options.

Participation as an investor in the *Private Fund* is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Investment Advisers Act of 1940, as well as are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended.

To the extent certain of Acertus' individual advisory clients qualify, they will be eligible to participate as limited partners of the *Private Fund*. Investment in the *Private Fund* involves a significant degree of risk. All relevant information, terms and conditions relative to the *Private Fund*, including the compensation received by Acertus or any affiliate as the general partner and/or investment manager, suitability, risk factors and potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum (the "*Memorandum*"), Limited Partnership Agreement (the "*LP Agreement*") and Subscription Agreement (together, the "*Offering Documents*"), which each investor is required to receive and execute prior to being accepted as an investor in the *Private Fund*.

While the *Private Fund* is generally Acertus' client, the term "client(s)" sometimes refers to the investors in the *Private Fund*.

Acertus will devote its best efforts with respect to its management of both the *Private Fund* and its individual client accounts. Given the above discussion relative to the objectives, suitability, risk factors and qualifications for participation in the *Private Fund*, Acertus may give advice or take action with respect to the *Private Fund* that differs from that for individual client accounts. To the extent that a particular investment is suitable for both the *Private Fund* and certain individual client accounts, such investments will be allocated between the *Private Fund* and the individual client accounts pro rata based on the assets under management or in some other manner which Acertus determines is fair and equitable under the circumstances to all of its clients.

## Item 5. Fees and Compensation

### Investment Management Fee

---

Acertus provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Acertus. The firm's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Acertus does not, however, receive any portion of these commissions, fees, and costs. Acertus' annual fee is prorated and charged quarterly, in arrears, based upon the average month-end balance of the assets being managed by the firm during the previous quarter. The annual fee varies up to 1.20% depending upon the market value of the assets under management and the type of investment management services to be rendered.

### Fee Discretion

---

Acertus, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

### Fees Charged by Financial Institutions

---

As further discussed in response to Item 12 (below), Acertus generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts. However, Acertus may also implement trading strategies on other custodial platforms.

Acertus may only implement its investment management recommendations after the adviser or client has arranged for and furnished the firm with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, any other broker-dealer recommended by Acertus, broker-dealer directed by the client, trust companies, banks, etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Acertus' fee.

Acertus' *Agreement* and the separate agreement with any *Financial Institutions* may authorize Acertus to debit the client's account for the amount of Acertus' fee and to directly remit that management fee to Acertus. In the alternative, where Acertus is acting as a sub-advisor, the primary adviser may debit the sub-advisor or end-client account for the amount of Acertus' fee and to directly remit that management fee to Acertus. Any *Financial Institutions* recommended by the firm have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Acertus. Clients may not elect to have the firm send an invoice for payment.

## **Fees for Management During Partial Quarters of Service**

---

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Acertus and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Acertus' fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Acertus' right to terminate an account. Additions may be in cash or securities provided that Acertus reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Acertus, subject to the usual and customary securities settlement procedures. However, Acertus designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Acertus may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to market valuation and may be exposed to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Acertus does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.



## Item 7. Types of Clients

Acertus generally provides its services to other investment advisers and individuals. However, the firm may also provide advice to pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### Minimum Account Size

---

As a condition for starting and maintaining a relationship, the firm imposes a minimum portfolio size of \$200,000. Acertus, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing clients, account retention, and *pro bono* activities. Acertus only accepts clients with less than the minimum portfolio size if, in the firm's opinion, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Acertus may aggregate the portfolios of family members to meet the minimum portfolio size.

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

### Investment Strategies and Methods of Analysis

Acertus offers an array of innovative strategies, each with a clear, consistent, predictable pattern of returns. Whether an investor is bullish, bearish, or somewhere in between, the Acertus Family of Investment Solutions offers strategies that allow investors to express their outlook and match their risk tolerance with clarity and an improved risk-reward profile. These solutions can be used alone or in combination.

Acertus Investment Solutions currently available for investment include:

- Planned Return Strategy<sup>®</sup> — Designed to excel in an environment of slow growth and heightened volatility. This S&P 500-based strategy improves risk vs. return by buffering the first 12% of index losses while enhancing small-to-moderate index gains.
- Accelerated Return Strategy<sup>™</sup> — Well-suited for long only equity investors with a moderate to optimistic market outlook. This S&P 500-based strategy improves risk vs. return by accelerating investor returns during rising markets without significantly increasing downside risk.
- Third Rail Strategy<sup>™</sup> — For investors who seek to participate in the market but are concerned about another 2008-style market meltdown. This S&P 500-based strategy improves risk vs. return by protecting against steep losses on the index while maintaining exposure to index returns into the mid-double digits.

Accounts are invested over twelve month period into twelve individual one year tranches. The actual performance of the accounts will be a value and time weighted average of the performance of the individual tranches in the account. During the implementation period, funds may be held in a placeholder which matches the asset class from which the funds were transferred, e.g., cash, fixed income, equity, or a diversified portfolio.

### Risks of Loss

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more).

## *Options*

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

## *Use of Private Collective Investment Vehicles*

Acertus recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and other offering documents explaining such risks prior to investing.

## *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### **Item 9. Disciplinary Information**

Acertus is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. The firm does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

Acertus is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. The firm has described such relationships and arrangements below.

### **Acting as Sub-Advisor for Affiliated Investment Adviser**

---

Acertus renders investment management services to clients of The MDE Group, Inc. ("The MDE Group") (CRD#107718), an affiliated registered investment adviser, pursuant to a sub-advisory relationship between Acertus and The MDE Group.

These firms are under common control, and certain *Supervised Persons* of Acertus also serve in the same or similar capacity for The MDE Group. Acertus and The MDE Group have the same principal address. Acertus is paid for its investment management services directly by The MDE Group, pursuant to the terms and conditions of the *Agreement* between The MDE Group and the client.

## Item 11. Code of Ethics

Acertus and persons associated with Acertus (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Acertus’ policies and procedures.

Acertus has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). Acertus’ *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Acertus or any of its associated persons. The *Code of Ethics* also requires that certain of Acertus’ personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When Acertus is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact Acertus to request a copy of its *Code of Ethics*.

As discussed above in response to Item 4, Acertus is the general partner to the *Private Fund*. Acertus may recommend, on a fully disclosed basis, that certain clients invest in the *Private Fund*. As such, a conflict of interest exists to the extent that Acertus recommends that clients invest in the *Private Fund*. Acertus has procedures in place to ensure that any such recommendations are made pursuant to the stated goals and objectives and in the best interest of clients.

## Item 12. Brokerage Practices

As discussed above, in Item 5, Acertus generally recommends that clients utilize the brokerage and clearing services of *Fidelity*.

Factors which Acertus considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables Acertus to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Acertus' clients comply with Acertus' duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Acertus determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Acertus seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom Acertus and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. Acertus periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Acertus in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Acertus will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Acertus (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Acertus may decline a client's request to direct brokerage if, in Acertus' sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Acertus will generally (but is not obligated to) combine or "batch" trade orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Acertus' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Acertus' clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Acertus determines to aggregate client orders for the purchase or sale of

securities, including securities in which Acertus' *Supervised Persons* may invest, Acertus generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Acertus does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Acertus determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Acertus may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Acertus in its investment decision-making process. Such research generally will be used to service all of Acertus' clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Acertus does not have to produce or pay for the products or services.

## **Receipt of Soft Dollars**

---

In addition to the research services described above, Acertus may be offered certain services by broker-dealers and custodians that it may engage to execute securities transactions on behalf of clients. These services may include the payment of all or a portion of clients' or Acertus' administrative costs and expenses of operation, such as marketing expenses, portfolio management software, Advent, and other reasonable expenses, as determined by Acertus. The availability of these benefits may influence the firm to select one broker or custodian rather than another to perform services for clients. Nevertheless, Acertus will assure either that the fees and costs for services provided to clients by brokers or custodians offering these benefits are not materially greater than they would be if the services were performed by brokers not offering these services. These services may fall outside the safe harbor provided in Section 28(e) of the Securities Exchange Act of 1934, as amended.



The use of brokerage commissions to obtain research products and/or other services and to pay for other non-research services creates a conflict of interest because clients pay for such products and services that are not exclusively for the benefit of clients and may be primarily or exclusively for the benefit of Acertus.

### **Software and Support Provided by Financial Institutions**

---

Acertus may receive from *Fidelity*, without cost to Acertus, computer software and related systems support, which allow Acertus to better monitor client accounts maintained at *Fidelity*. Acertus may receive the software and related support without cost because Acertus renders investment management services to clients that maintain assets at *Fidelity*. The software and related systems support may benefit Acertus, but not its clients directly. In fulfilling its duties to its clients, Acertus endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Acertus' receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Acertus' choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Acertus may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## Item 13. Review of Accounts

For those clients to whom Acertus provides investment management services, Acertus monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of Acertus' investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Acertus and to keep Acertus informed of any changes thereto. Acertus contacts certain ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Acertus provides investment advisory services will also receive a report from Acertus that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from Acertus.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

---

If a client is introduced to Acertus by either an unaffiliated or an affiliated solicitor, Acertus may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Acertus' investment management fee and does not result in any additional charge to the client. If the client is introduced to Acertus by an unaffiliated solicitor, the solicitor provides the client with a copy of Acertus' written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Acertus discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Acertus' written disclosure brochure at the time of the solicitation.

### Other Economic Benefit

---

Acertus is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12.

## Item 15. Custody

Acertus' *Agreement* and/or the separate agreement with any *Financial Institution* may authorize the firm through such *Financial Institution* to debit the client's account for the amount of Acertus' fee and to directly remit that management fee to Acertus in accordance with applicable custody rules. In the alternative, where Acertus is acting as a sub-advisor, the primary adviser may debit the end-client's account for the amount of Acertus' fee and to directly remit that management fee to Acertus.

The *Financial Institutions* recommended by Acertus have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Acertus. In addition, as discussed in Item 13, the firm also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Acertus.

## Item 16. Investment Discretion

Acertus is given the authority to exercise discretion on behalf of clients. Acertus is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Acertus is given this authority through a power-of-attorney included in the agreement between Acertus and the adviser or client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Acertus may take discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Financial Institutions* to be utilized.

### **Item 17. Voting Client Securities**

Acertus is required to disclose if it accepts authority to vote client securities. Acertus does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

## Item 18. Financial Information

Acertus is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.



Prepared by:

