



Part 2A of Form ADV

**DISCLOSURE BROCHURE**

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This brochure provides information about the qualifications and business practices of Wavelength Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 646.590.2530 or e-mail [Andrew.Dassori@wavelengthcapital.com](mailto:Andrew.Dassori@wavelengthcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. References to Wavelength Capital Management, LLC as a “registered investment adviser” or descriptions of being “registered” do not imply a certain level of skill or training. Additional information about Frost Investment Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes. As this is our first disclosure brochure, we have no material changes to report.

## Table of Contents

Material Changes.....	i
Advisory Business .....	1
Fees and Compensation .....	1
Fees and Compensation for Separately Managed Accounts .....	2
Fees and Compensation for Investment Companies .....	2
Performance-Based Fees and Side-By-Side Management .....	2
Types of Clients .....	2
Methods of Analysis, Investment Strategies and Risk of Loss.....	2
PRINCIPAL RISKS .....	3
Disciplinary Information .....	9
Other Financial Industry Activities and Affiliations .....	9
Code of Ethics, Participation of Interest in Client Transactions and Personal Trading .....	9
Brokerage Practices .....	10
Directed Brokerage .....	11
Brokerage for Client Referrals .....	11
Block Trades .....	11
Trade Errors .....	12
Review of Accounts .....	12
Client Referrals and Other Compensation .....	12
Custody .....	12
Investment Discretion .....	12
Voting Proxy Statements for Client Owned Securities .....	12
Financial Information .....	12

## Advisory Business

Wavelength Capital Management, LLC is a Limited Liability Company organized under the laws of the state of Delaware and registered with the Security and Exchange Commission. The New York-based investment advisory firm was founded in March of 2013 by Andrew G. Dassori and Mark B. Landis, who are also the principal owners.

The following paragraphs describe our services and fees. As used in this brochure, the words "we", "our" and "us" refer to Wavelength Capital Management, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. Our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We primarily offer investment supervisory services with a macroeconomic focus and total return objective to separately managed accounts and registered investment companies (mutual funds). Separately managed accounts are tailored to the needs and constraints of individual clients. Fund management styles, objectives and constraints are described in the mutual fund prospectus. Accounts are managed by internal portfolio managers.

## Fees and Compensation

We calculate fees on accounts as a percentage of the assets under management. You must authorize us in writing to have the custodian that holds your account pay our fees to us directly by charging your account. Your custodian will provide you with statements that show the amount of the fees paid directly to us. You should review the custodian's statements and verify the calculation of our fees. The custodian does not verify the accuracy of fee calculations.

We have the right to change any or all of our fee schedules as agreed upon by contract with individual clients. We may negotiate advisory fees at the sole discretion of our management. Negotiated fees may be lower than the fees stated below. Comparable services for lower fees may be available from other sources.

Our investment management fees include payment for the investment supervisory services provided by us only. These advisory fees do not include mark-ups, markdowns, or payment of brokerage commissions, other transaction costs, or custody fees. Brokerage commissions, mark-ups or markdowns, and other transaction costs are charged to the client in addition to our investment management fees. None of these fees are paid to or are shared with us. Our fee also does not include management or other fees imposed by other investment companies or other investment advisers. Please be sure to read the section entitled "**Brokerage Practices**," which follows later in this brochure.

Mutual fund companies and ETFs charge internal fees and expenses for their products. These fees and expenses are in addition to any advisory fees that we charge. Complete details of these internal fees and expenses are explained in the prospectus for each investment. You are strongly encouraged to read these documents before making or authorizing any investments. We are available to answer any questions you have about fees and expenses.

We may recommend the purchase of our managed mutual funds to you. A conflict of interest may exist to the extent that the total compensation to us is increased. Even if no additional direct compensation is paid to us or our Associated Persons, there may be indirect benefits received by us as a result of the transactions. All clients are informed of our advisory relationship to the mutual funds. You are not required to purchase our mutual funds or can purchase them through other brokers or agents that are not affiliated with us.

If mutual funds are purchased through your custodian or broker-dealer, you may pay a transaction fee that would not be charged if those transactions were made directly through the mutual fund companies. Additionally, mutual funds held in accounts at custodians may pay internal fees that are different from mutual funds held at the mutual fund company.

While you may purchase shares of mutual funds directly from a mutual fund company without a transaction fee, those investments will not be part of our advisory relationship with you. This means that those investments

will not be included in our investment strategies, investment performance monitoring, or portfolio reallocations.

Either party, without penalty, may terminate the investment management agreement, subject to the terms of any contract in force at that time. Should either one of us terminate the advisory agreement we have entered into before the end of a billing period, any unpaid fees for services received by you become immediately due and payable. The amount owed by you is calculated by dividing the advisory fee due for the month or quarter by the total number of days in the month or quarter. This daily fee is then multiplied by the number of calendar days in the quarter that our agreement was in effect. This amount, which equals the amount we earned for the partial month or quarter, is your fee.

#### **Fees and Compensation for Separately Managed Accounts**

Clients are charged a single, asset-based fee for our services. These fees are negotiable, but typically are 0.95%, annually. The advisory fees are based on complexity of the selected investment product and level of service required by each client. Advisory fees are calculated, based on the market value of account assets as of the close of business each month. The advisory fees for the initial month are adjusted on a prorated basis, calculated on the number of calendar days in the month that the advisory agreement is in effect. The advisory fees are payable monthly or quarterly, after services are provided.

#### **Fees and Compensation for Investment Companies**

Mutual fund fees are 95 basis points annually and are based primarily on the complexity of the underlying investment mandate. Fees are calculated from the market value of the mutual funds' monthly average daily net balance as determined by the custodian as of the close of business each month. These fees are payable monthly, after services have been provided. Advisory fees for the initial month are prorated, based upon the number of calendar days in the month that the advisory agreement is in effect.

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

Performance-based fees are designed to give a portion of the returns of an investment to the investment adviser as a reward for positive performance. The fee is generally a percentage of the profits made on the investments.

We do not currently charge performance-based fees on any of our client accounts.

## **Types of Clients**

The adviser generally provides investment advice to the following types of clients:

- individuals;
- banks or thrift institutions;
- Investment Companies;
- pension and profit sharing plans;
- trusts, estates or charitable organizations;
- corporations or business entities other than those listed above; and
- state and municipal entities.

The requirement for opening an account with us is set at a minimum account size of \$250,000. This minimum may be waived on an account by account basis at the sole discretion of our management.

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

### **Investment Strategy**

Our investment strategy seeks to provide a diversified, balanced exposure to global financial markets. We pursue our investment objective by investing in major asset classes, such as developed market nominal government bonds, developed inflation-linked government bonds, emerging market local-currency fixed-income securities, emerging market USD-denominated fixed-income securities, sovereign debt, corporate debt, convertible bonds, and commodities. We will generally have some level of investment in each of these asset classes provided that we determine that they present an appropriate investment opportunity. There is no stated limit on the percentage of assets we can hold in one asset class, and at

times we may focus on a smaller or larger number of asset classes in its allocation.

We seek to gain exposure to these asset classes through many different types of instruments, including, but not limited to, cash bonds (including government fixed-income and inflation-linked bonds), cash equities (including exchange-traded funds), and derivative instruments (including futures contracts, forward contracts, swap agreements, and exchange-traded notes). We use a proprietary dynamic asset allocation process, in which we determine what we believe to be the most efficient instrument to express a particular investment view, and buy or sell the selected instrument accordingly. We manage your assets in a non-diversified manner, which means that we may invest more of your assets in the securities of a single issuer or a small number of issuers than a diversified portfolio

In allocating assets, we seek to balance investment risk exposures across potential economic and market scenarios using a quantitatively-based investment process. The primary inputs into this investment process are each asset class' historical relationship with economic conditions and the forecast investment risk (as estimated by volatility, potential loss, and other proprietary measures) for each asset class. Using these inputs, we generally seek to be "neutral" to potential economic and market scenarios by targeting an equal allocation of forecast investment risk in each of the economic environments assumed to drive changes in interest rates (both increases and decreases). There is no assurance that our "neutral" exposure to potential economic and market scenarios will be achieved.

We place no limitations on the geographic exposure, credit quality or market capitalization. Your portfolio may have long or short exposure to any asset class, with short positions employed generally to hedge other investments we make. We may use exchange-traded funds as a means of taking both long and short equity positions.

We typically make extensive use of derivative instruments, including but not limited to futures contracts, forward contracts, swap agreements and exchange-traded notes in seeking to achieve its investment objective. These are referred to as "derivative" instruments since their values

are based on ("derived from") the value of an underlying asset, reference rate, index or some other variable. Futures and forward contracts and swap agreements are contractual agreements related to future financial obligations.

We generally do not engage in borrowing, however, leverage may be created through futures transactions or certain other derivative instruments. Our use of derivative instruments can have the economic effect of financial leverage which increases the effect of price swings of an underlying asset. This can result in the potential for both greater gains and greater losses than would be possible if we did not use instruments with the economic effect of financial leverage. This can also cause your portfolio value to be volatile, and there is no assurance that the use of derivative instruments will enable us to achieve your investment objective.

A significant portion of your assets may be cash or equivalent holdings which serve as collateral for other positions and earn income for your portfolio. These cash or equivalent holdings may be held directly or indirectly and may include, but are not limited to, U.S Government securities, U.S. government agency securities, short-term fixed-income securities, overnight and/or fixed term repurchase agreements, money market mutual fund shares, and cash and cash equivalents with one year or less term to maturity.

## PRINCIPAL RISKS

As with any investment, there is a risk that you could lose money by investing through us. Because of the types of securities in which we invest and the investment techniques we use, our strategies are designed for investors who are investing for the long term. The principal risks of an investment with us are generally described below.

**Asset Allocation Risk.** We invest in a broad array of asset classes and may allocate assets to an asset class that underperforms other asset classes. For example, we may overweight equity-related investments when the stock market is falling and the fixed income market is rising.

**Commodities Exposure Risk.** The value of commodity-linked investments will generally be affected by overall

market movements and factors specific to a particular industry or commodity, which may include weather, embargoes, tariffs and international, political and regulatory developments. Exposure to commodities and commodity markets may subject your portfolio to greater volatility than investments in traditional securities.

**Counterparty Credit Risk.** We may invest in financial instruments involving counterparties for the purpose of attempting to gain exposure to a particular group of securities, index or asset class without actually purchasing those securities or investments, or to hedge a position. In these types of transactions, the counterparty represents the other party involved in a financial transaction. Our use of such financial instruments, including swap agreements and structured notes, involves risks that are different from those related to ordinary portfolio securities transactions.

**Credit Default Swap Agreements Risk.** Credit default swaps may increase credit and counterparty risk (depending on whether we are the buyer or seller of the swaps), and they may in some cases be illiquid. Credit default swaps also may be difficult to trade or value, especially in the event of market disruptions. Credit default swap transactions in which we are the seller may require that we liquidate portfolio securities when it may not be advantageous to do so in order to satisfy obligations or to meet segregation requirements.

**Currency Risk.** The value of foreign investments denominated in a foreign currency depends both upon the price of the securities and the exchange rate of the currency. Thus, the value of an investment in a foreign security will drop if the price for the foreign currency drops in relation to the U.S. dollar. Adverse currency fluctuations are an added risk to foreign investments. Currency risk can be reduced through diversification among currencies or through hedging with the use of foreign currency contracts.

**Derivatives Risk.** The use of derivative instruments requires special skills and knowledge of investment techniques that are different than those normally required for purchasing and selling stocks. If we use a derivative instrument at the wrong time or incorrectly identify market conditions, or if the derivative instrument does not

perform as expected, these strategies may significantly reduce your return. Derivative instruments may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. In addition, the cost of investing in such instruments generally increases as interest rates increase, which will lower your return.

In addition, the use of futures contracts and certain other derivatives for the purpose of increasing long and short exposure creates leverage, which can magnify your potential for gain or loss and therefore amplify the effect of market volatility on the value of your portfolio. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

**Emerging Markets Risk.** Investments in emerging markets involve all of the risks of foreign investments (see below), and also have additional risks. The markets of developing countries have been more volatile than the markets of developed countries with more mature economies. Many emerging markets companies in the early stages of development are dependent on a small number of products and lack substantial capital reserves. In addition, emerging markets often have less developed legal and financial systems. These markets often have provided significantly higher or lower rates of return than developed markets and usually carry higher risks to investors than securities of companies in developed countries.

**Exchange-Traded Funds ("ETF") Risk.** Investments in ETFs are subject to the risk that the market price of an ETF's shares may differ from its net asset value. This difference in price may be due to the fact that the supply and demand in the market for ETF shares at any point in time is not always identical to the supply and demand in the market for the underlying basket of securities. Accordingly, there may be times when an ETF trades at a premium (creating the risk that you pay more than NAV for an ETF when making a purchase) or discount (creating the risks that the value of your portfolio is reduced for undervalued ETFs it holds, and that you receive less than NAV when selling an ETF). Investments in ETFs are also subject to the risk that the ETF may not be able to replicate exactly the performance of the indices it tracks

because the total return generated by the securities are reduced by transaction costs incurred in adjusting the actual balance of the securities.

In addition, an ETF in which we invest may incur expenses not incurred by their applicable indices. Certain securities comprising the indices tracked by the ETF may, from time to time, temporarily be unavailable, which may further impede the ETF's ability to track their applicable indices or match their performance. To the extent that we invest in ETFs, there will be some duplication of expenses because you would bear its pro-rata portion of such ETF's advisory fees and operational expenses.

**Exchange-Traded Notes ("ETN") Risk.** We may invest in ETNs, which are notes representing unsecured debt of the issuer whose returns are linked to a particular index. ETNs are typically linked to the performance of a commodities index that reflects the potential return on leveraged and unleveraged investments in futures contracts of physical commodities, plus interest that could be earned on cash collateral, and minus the issuer's fee. The value of an ETN may be influenced by fluctuations in the values of the underlying assets or instruments, time to maturity, level of supply and demand for the exchange-traded note, volatility and lack of liquidity in the underlying markets, changes in applicable interest rates, and changes in the issuer's credit rating. You will bear any fees and expenses associated with investment in ETNs, which will reduce the amount of return on investment at maturity or redemption. There may be restrictions on your right to redeem your investment in an ETN meant to be held to maturity. There are no periodic interest payments for ETNs and principal is not protected. It may be difficult for a Fund to sell its ETN holdings. Investments in ETNs may also subject you to other risks, including credit and counterparty risk, interest rate risk, leverage risk and tax risk.

**Foreign Investing Risk.** Foreign stock markets can be volatile and stock prices can change drastically. Foreign investments may be adversely affected by governmental actions such as capital or currency controls, nationalization of a company or industry, expropriation of assets or imposition of higher taxes. Investments in foreign securities involve risks resulting from differences in

regulations to which U.S. and foreign markets are subject. These risks include differing accounting and disclosure standards, currency exchange risks, settlement difficulties, market illiquidity, difficulties enforcing legal rights and greater transaction costs. The foregoing risks are more pronounced in investments in securities of issuers that are located in or have substantial operations in emerging market countries because such countries tend to develop sporadically and the securities may have lower trading volumes and less liquidity than developed markets.

**Forward and Futures Contract Risk.** The successful use of forward and futures contracts depends upon our skill and experience with respect to such instruments and are subject to special risk considerations, including:

- imperfect correlation between the change in market value of the instruments held by your portfolio and the price of the forward or futures contract;
- possible lack of a liquid secondary market for a forward or futures contract and the resulting inability to close a forward or futures contract when desired;
- losses caused by unanticipated market movement, which are potentially unlimited;
- our inability to correctly predict the direction of securities prices, interest rates, currency exchange rates and other economic factors;
- the possibility that a counterparty will default in the performance of its obligations;
- the possibility that your portfolio may have insufficient cash and have to sell securities from its portfolio to meet the daily variation margin requirements at a time when it may be disadvantageous to do so;
- the possibility that a failure to close a position may result in delivery of an illiquid commodity to your portfolio or that rapid selling to avoid delivery may result in unfavorable execution prices; and
- possible inefficiencies that are created by the need to "roll contracts" (i.e., sell out of a contract that is nearing delivery or settlement in favor of a contract with a delivery or settlement date that is further into the future).

**Hedging Risk.** The success of our hedging strategies will be subject to our ability to correctly assess the degree of correlation between the performance of the instruments



used in the hedging strategy and the performance of the instruments being hedged. The use of hedging strategies will not eliminate all risks associated with your portfolio. Hedging strategies can entail significant transactional costs.

**High Yield Bond (Junk Bond) Risk.** Fixed-income securities rated below Baa by Moody's and BBB by S&P or Fitch are generally considered speculative in nature and are generally subject to greater risks with respect to the non-payment of interest and principal and greater market fluctuations than higher-rated fixed-income securities. Lower-rated fixed-income securities are usually issued by companies without long track records of sales and earnings, or by companies with questionable credit strength. These fixed-income securities are considered below "investment grade." The retail secondary market for these "junk bonds" may be less liquid than that of higher-rated fixed-income securities, and adverse conditions could make it difficult at times to sell certain securities. These risks can reduce the value of your portfolio and the income it earns. Lower-rated securities carry a greater risk of default than investment grade securities.

**High Portfolio Turnover Risk.** To the extent that we make investments on a shorter-term basis (including in derivative instruments and instruments with a maturity of one year or less at the time of acquisition), we may as a result trade more frequently and incur higher levels of brokerage fees and commissions, and cause higher levels of current tax liability to you.

**Inflation Risk.** Inflation risk is the risk that the price of an asset, or income generated by an asset, will not keep up with the cost of living. Almost all financial assets have some inflation risk.

**Interest Rate Risk.** The price of a fixed income security is dependent upon interest rates. The value and total return of your portfolio, when investing a significant portion of your assets in fixed-income securities, will vary in response to changes in interest rates. A rise in interest rates will generally cause the value of fixed-income securities to decrease. Conversely, a decrease in interest rates will generally cause the value of fixed-income securities to

increase. Consequently, changes in interest rates may have a significant effect on your portfolio, especially if it is holding a significant portion of its assets in fixed-income securities that are particularly sensitive to interest rate fluctuations, such as fixed-income securities with long-term maturities, zero coupon bonds, and debentures.

**Investment Model and Computer Software Risk.** We rely heavily on quantitative investment models to assist with security selection. Given this investment process and the high rate of trading in your portfolio, we seek out opportunities to gain efficiencies by automating our investment process. That is, we often create and use proprietary software that can automatically gather the data required for analysis, quantitatively evaluate securities as needed for portfolio rebalancing and execute the trades on your behalf. Our extensive use of quantitative models and proprietary software presents certain additional risks. Specifically, we cannot guarantee that the data used in the models will be accurate or complete. Moreover, the computer software, whether proprietary or obtained from third-parties, may fail or may have errors that go undetected. If issues are present in the data or if there are errors in the computer software used, there may be adverse impacts to your portfolio, including a decline in the value. You are at risk for any adverse financial impacts resulting from deficiencies in our quantitative investment process.

**Leverage Risk.** Futures contracts, forward contracts, swaps and certain other derivatives provide the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater loss. If we use leverage through activities such as borrowing, entering into short sales, purchasing securities on margin or on a "when-issued" basis or purchasing derivative instruments in an effort to increase its returns, your portfolio has the risk of magnified capital losses that occur when losses affect an asset base, enlarged by borrowings or the creation of liabilities, that exceeds the value of your portfolio. The value of your portfolio employing leverage will be more volatile and sensitive to market movements. Leverage may involve the creation of a liability that requires you to pay interest.



**Liquidity Risk.** Liquidity risk exists when particular investments are difficult to sell. We may not be able to sell these illiquid investments at the best prices. Investments in derivatives, non-U.S. investments, restricted securities, securities having small market capitalizations, and securities having substantial market and/or credit and counterparty risk tend to involve greater liquidity risk.

**Management Style Risk.** Our method of security selection may not be successful and your portfolio may underperform relative to other portfolios that employ similar investment strategies. In addition, we may select investments that fail to perform as anticipated. Our ability to meet your investment objective is directly related to the success of our investment process and there is no guarantee that our judgments about the attractiveness, value and potential appreciation of a particular investment for your portfolio will be correct or produce the desired results.

**Market Risk.** The risk of losing money due to general market movements is called market risk. Factors such as domestic and foreign economic growth and market conditions, interest rates and political events may affect the securities and derivatives markets. Markets can be extremely volatile and tend to move in cycles with periods of falling and rising prices.

**Non-Diversified Status Risk.** Your portfolio may be non-diversified. Because your portfolio may invest in securities of a smaller number of issuers, the Fund may be more exposed to the risks associated with and developments affecting an individual issuer than a fund that invests more widely, which may, therefore, have a greater impact on your portfolio's performance.

**Political Risk.** Changes in the political status of any country can have profound effects on the value of investments exposed to that country. Related risk factors are the regulatory environment within any country or industry and the sovereign health of the country. These risks can only be reduced by carefully monitoring the economic, political and regulatory atmosphere within countries and diversifying across countries.

**Prepayment Risk.** Many bonds and other fixed-income securities have call provisions that allow the issuers to pay them back before maturity. This is especially true with mortgage-backed and asset-backed securities, which can be paid back at any time. Typically, issuers prepay their debt when it is to their advantage (when interest rates drop making a new loan at current rates more attractive), and thus likely to the disadvantage of security holders, who may have to reinvest prepayment proceeds in securities with lower yields. Prepayment risk will vary depending on the provisions of the security and current interest rates relative to the interest rate of the debt.

**Quantitative Strategy Risk.** The quantitative models we use may be similar to the models used by other quantitative managers. To the extent that they are similar, your portfolio's price movements may have a high degree of correlation to other quantitative portfolios. This potential portfolio overlap with other quantitative funds could lead to periods of high volatility, especially in the event that other managers choose to rapidly sell securities or close short positions.

**Reinvestment Risk.** As issuers pay interest or return capital to investors, there is no guarantee that investors will be able to reinvest these payments and receive rates equal to or better than their original investment. If interest rates fall, the rate of return available to reinvested money will also fall. The higher the coupon and prepayment risk, the higher the reinvestment risk. An investor who plans on spending (as opposed to reinvesting) the income generated by his portfolio is less likely to be concerned with reinvestment risk and more likely to be concerned with inflation and interest rate risk than is an investor who will be reinvesting all income.

**Sector Risk.** To the extent we invest a significant portion of your assets in any one sector, you will be subject to greater risk of loss or volatility than if you maintained wide sector diversity. Sector concentration exposes your portfolio to the risk that if a negative event impacts an entire sector the price of your portfolio's securities in that sector will likely fall in price.

**Short Sale Risk.** Short sales are transactions in which we sell a security you do not own. We may also take a short

position in a derivative instrument, such as a future, forward or swap. We may terminate (or “close”) a short position by purchasing the security or derivative in a quantity equal to the amount sold short. The price at the time a position is closed may be higher or lower than the price at which the security or derivative was sold. If the underlying security or derivative goes up in price during the period in which the short position is open, you will realize a loss on the transaction. The risk of such price increases is the principal risk of engaging in short sales.

Your portfolio’s short positions are inherently more risky than its long positions. With an un-leveraged long position, the maximum sustainable loss is limited to the amount paid for the security plus the transaction costs, whereas there is no maximum attainable price of the shorted security. Therefore, theoretically, there is no limit on the amount of losses that you could incur with respect to securities sold short. Moreover, short selling may result in increased transaction costs associated with entering into short position in comparison to a fund that does not engage in short selling.

**Small- and Mid-Capitalization Stock Risk.** The stocks of small- and mid-capitalization companies involve more risk than the stocks of larger, more established companies because they often have greater price volatility, lower trading volume, and less liquidity. These companies tend to have smaller revenues, narrower product lines, less management depth and experience, smaller shares of their product or service markets, fewer financial resources, and less competitive strength than larger companies. A portfolio that invests in small- and mid-capitalization companies may underperform other stock funds (such as large-company stock funds) when stocks of small- and mid-capitalization companies are out of favor.

**Sovereign Debt Risk.** These investments are subject to the risk that a governmental entity may delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity’s debt position in relation to the economy or the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies. If a governmental entity

defaults, it may ask for more time in which to pay or for further loans. There is no legal process for collecting sovereign debt that a government does not pay nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected.

**Swap Agreements Risk.** Swap agreements involve the risk that the party with whom you have entered into the swap will default on its obligation to pay you and the risk that you will not be able to meet your obligations to pay the other party to the agreement.

**Treasury Inflation-Protected Securities (TIPS) and Inflation-Linked Bonds Risk.** The value of inflation-protected securities generally fluctuates in response to changes in real interest rates, which are in turn tied to the relationship between nominal interest rates and the rate of inflation. Therefore, if inflation were to rise at a faster rate than nominal interest rates, real interest rates might decline, leading to an increase in the value of inflation-protected securities. In contrast, if nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in the value of inflation-protected securities. If we purchase inflation-protected securities in the secondary market whose principal values have been adjusted upward due to inflation since issuance, your portfolio may experience a loss if there is a subsequent period of deflation. The inflation protected securities markets are generally much smaller and less liquid than the nominal bonds from the same issuers and as such can suffer losses during times of economic stress or illiquidity.

**U.S. Government Securities Risk.** Treasury obligations may differ in their interest rates, maturities, times of issuance and other characteristics. Obligations of U.S. Government agencies and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. Government. No assurance can be given that the U.S. Government will provide financial support to its agencies and authorities if it is not obligated by law to do so. Certain of the government agency securities we may purchase are backed only by the credit of the government agency and not by full faith and credit of the United States.

**Volatility Risk.** Your portfolio may have investments that appreciate or decrease significantly in value over short periods of time. This may cause your portfolio to experience significant increases or declines in value over short periods of time.

We manage each portfolio in a manner consistent with its appropriate level of risk, though we cannot guarantee that our efforts will be successful. You are advised that investing in securities involves risk of loss that you should be prepared to bear. These losses may include:

- a loss of principal;
- a reduction in earnings (including interest, dividends and other distributions); and
- a loss of future earnings.

## Disciplinary Information

We have no legal or disciplinary events to report that are material to our advisory business or the integrity of our management.

## Other Financial Industry Activities and Affiliations

Mark B. Landis serves as our non-executive chairman. He is not involved in our day-to-day activities. Mr. Landis is also registered as a registered representative of SG Americas Securities, LLC, a U.S. registered broker-dealer and a member of the NYSE, FINRA and SIPC.

Wavelength Capital Management, LLC has filed for an exemption from CFTC registration as a Commodities Trading Advisor (“CTA”) under Rule 4.14(a)(8). A CTA is an individual or organization which, for compensation or profit, advises others as to the value of or the advisability of buying or selling futures contracts, options on futures, retail off-exchange forex contracts or swaps.

As previously described, we are an investment adviser to a mutual fund. We may recommend the purchase of our managed mutual funds to you. A conflict of interest may exist to the extent the total compensation to us is increased. In addition, even if there is no direct compensation paid to us or our Associated Persons, there may be indirect benefits received by us or our affiliates as a result of the transactions. All of our clients are informed

of the advisory relationship of Wavelength Capital Management, LLC to the mutual funds, and you are not required to purchase mutual funds managed by us.

We trade securities in the mutual funds that are also traded in individual client accounts. We also trade securities in the mutual funds or in specific separately managed accounts that are inappropriate for other individual client accounts. We have developed appropriate trading policies and procedures in order to protect your interests in these situations.

## Code of Ethics, Participation of Interest in Client Transactions and Personal Trading

We have adopted a Code of Ethics (the “Code”) to address our Associated Person’s conduct. The Code focuses on our fiduciary duty to you, personal securities transactions by our Associated Persons, insider trading, gifts given or received, and conflicts of interest. The Code includes our position on the following topics:

- Associated Persons have a duty to place the interests of clients first at all times;
- All personal securities transactions must be conducted in a manner consistent with the Code and avoid any actual or potential conflict of interest, or any abuse of an Associated Person’s position of trust and responsibility;
- Associated Persons may not take inappropriate advantage of their positions;
- A client’s financial information, personal information and security holdings are confidential and should be kept secure; and
- Independence in the investment decision-making process is paramount.

We will provide a copy of the Code of Ethics to you and any prospective client upon request.

We may recommend the purchase of mutual funds managed by us to you. A conflict of interest exists to the extent our total compensation is increased. In addition, even if there is no direct compensation paid to us or our members, there may be indirect benefits received by us or our affiliates as a result of the transactions.

We inform you of our relationship to the mutual funds we manage, and you are not required to purchase mutual funds managed by us. We may also trade securities in the mutual funds that are also traded in individual client accounts. We have developed appropriate trading policies and procedures in order to protect your interests in these instances.

We do not buy or sell securities for Wavelength Capital Management, LLC that we also buy or sell for you. However, our Associated Persons are permitted to engage in personal securities transactions. These transactions raise potential conflicts of interest if they were to trade in a security that is owned by a client, or considered for purchase or sale to a client. We have adopted policies and procedures so that transactions are effected for you in a manner that is consistent with the fiduciary duty owed to you. Associated Persons who buy or sell securities of the types bought or sold for you may do so only if they conform to our written policies.

## Brokerage Practices

### Research and Other Soft Dollar Benefits

Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)”) allows us, under certain circumstances, to cause our clients to pay a broker or dealer a commission that is larger than another broker or dealer may have charged for the same transaction. This additional cost recognizes an additional value provided by the broker or dealer, perhaps in the form of specialized trade execution or research. These additional services may include:

- furnishing advice on valuing securities, whether or not to buy or sell a specific security or the availability of special types of securities;
- providing access to buyers or sellers of securities that have limited markets;
- furnishing analyses and reports about debt issuers, industries, individual securities, economic factors and trends, portfolio strategy, and account performance; and
- executing trades and performing other functions (such as clearance, settlement, or custody).

We believe that access to independent investment research helps us in the investment decision-making processes, resulting in a better product for you.

Where research products and services are a factor in selecting brokers, these products and services may be delivered in written form or through direct contact with individuals, and may include information about specific companies and securities, as well as market, economic, or institutional information that helps in the valuation and pricing of securities. Examples of services we might use commissions for include portfolio modeling software, economic forecasts, and other information on the economy, industries, sectors, groups of securities, individual companies, statistical information, political developments, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance and other analysis. We will use commissions in ways that fall within the safe harbor of Section 28(e) although, as we discuss below, we may buy products and services that have both research and non-research uses.

We regularly review the brokerage relationships we have established, considering the amount and nature of the research they provide, the cost of this research relative to their peers, the quality of their trade execution, their financial strength and reputation. We allocate our trading commissions based on these considerations. A broker may still be assigned a trade even if they do not provide specialized brokerage or research services.

Unless you specifically direct otherwise, all of our accounts participate in the soft dollar arrangements described above. Research we purchase with soft dollars may be used in servicing any or all of our clients, and may also be used by us for accounts that did not pay commissions to the broker providing the research. Research products and services received by us are in addition to, and not instead of, the services we perform under our management agreements. Fees you pay us are not reduced as a result of receiving these research products and services. Products or services other than research that we buy with soft dollars are used exclusively for the benefit of the account that paid commissions to the broker providing those services.

We monitor soft dollar arrangements to identify where a research product or service has a mixed use (research and non-research), and we make a reasonable allocation of the cost of the product according to the proportion of its use for each aspect. The part that is used in the investment decision-making process may be paid for by soft dollars. Those services that provide administrative or other non-research assistance to us (such as computer hardware, marketing, management systems integrating trading, execution, accounting, record keeping and other administrative matters) are outside the safe harbor of Section 28(e) and must be paid for by us using our own funds. We have a conflict of interest in making this research/non-research determination. We maintain records concerning mixed-use allocations and review these decisions for appropriateness on a regular basis.

We may engage in internal cross trades where the trades will benefit the client on both sides of the trade. We will not directly or indirectly receive commissions or transaction-based compensation from the trade; we receive no compensation other than our advisory fee. Pricing for such trades will be obtained from IDC or another approved independent pricing service. Documentation of each trade will be maintained by the Associated Person who placed the trade and reviewed on a quarterly basis by our Chief Compliance Officer.

Our policies and procedures generally prohibit disclosure of nonpublic information respecting current fund portfolio holdings. There may be circumstances when this information is disclosed to specified vendors when we determine that it is necessary or desirable to do so. We may provide portfolio holdings information, by way of model portfolios and investment advice, to clients other than the funds. This may include our affiliates or other institutions involved in the normal operation of our advisory business.

### **Directed Brokerage**

You may direct us in writing to use a particular broker-dealer to execute some or all of the transactions for your account. If you do so, you are responsible for negotiating the terms and arrangements for the account with that broker-dealer. We may not be able to negotiate commissions, obtain volume discounts, or best execution.

In addition, under these circumstances a difference in commission charges may exist between the commissions charged to clients who direct us to use a particular broker or dealer and other clients who do not direct us to use a particular broker or dealer.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Block Trades**

We may aggregate orders in a bunched, or block, trade or trades when securities are purchased or sold for multiple discretionary accounts. We must reasonably believe that the bunched order is consistent with our efforts to provide best execution, and will benefit each client participating in the aggregated order. The average price of the security in each bunched trade is allocated to each account that participates in the trade. Accounts that participate in the same bunched trade are charged commissions, if applicable, as described in their advisory contracts. Different accounts participating in an aggregated transaction may not be charged the same commission rates. We prohibit personal trades of our staff to be bought or sold within bunched trades executed on behalf of our clients.

If a bunched order cannot be traded fully at the same price or time, the securities actually purchased or sold by the close of each business day are allocated in a way that is consistent with the initial pre-allocation of the trade. This is done in a way that does not advantage or disadvantage particular client accounts. For example, partially filled orders are assigned to client accounts on a prorated basis for all participating accounts. Prior to entry of a bunched trade, a written pre-allocation is generated which identifies the group of client accounts participating in the order. If an account joins the bunched trade after the first day of trading it is accorded a prorated share of the remaining block as it is traded.

Changes in allocation before final execution may be made provided that all client accounts receive fair and equitable treatment. A written explanation of the reason for any material change in the allocation is documented no later than the morning following the execution of the trade.

### Trade Errors

It is our policy that you must not be disadvantaged if a trade entered into your account contains an error (either wrong number of shares, wrong product or wrong account). Trades are amended to reflect the original intent of the trade order. If this change results in a trading loss we will reimburse this loss to you. If this change results in a trading gain, that gain is applied to your account.

## Review of Accounts

Your accounts are reviewed by the portfolio manager at least annually for any changes in suitability factors. In addition, accounts are reviewed quarterly for return dispersion and adherence to the model. Accounts are also reviewed upon triggering events such as:

- the receipt of new money,
- a change in your financial condition,
- a significant change in the market environment, or
- a request to liquidate and distribute a significant portion of the portfolio.

You will receive statements from your custodian at least quarterly. We do not provide additional regular reports.

## Client Referrals and Other Compensation

We do not directly or indirectly compensate any person who is not one of our Associated Persons for client referrals.

We receive certain economic benefits as a result of our business arrangements with the custodians and broker-dealers who help us service your accounts. Those benefits are described in detail in the preceding section entitled **“Brokerage Practices.”**

## Custody

We are considered to have custody of client funds solely because we deduct our wealth management fees from some of the advisory accounts we manage. We do not provide custodial services. You will receive statements from your custodian reflecting the account activity and holdings at least quarterly. You may also have online

access to view your account activity and performance. You should carefully review the statements received from your custodian and verify that the transactions in your account are consistent with your investment goals.

## Investment Discretion

We manage most of our advisory accounts on a discretionary basis. The type and amount of securities to be bought and sold in these accounts does not require advance approval from you. This discretion includes the authority to place securities transactions without prior consent from you. We also have the authority to choose the broker-dealer used for each trade, as well as to negotiate commissions on your behalf.

## Voting Proxy Statements for Client Owned Securities

Subject to your direction, proxies on securities held in your accounts are voted by our internal managers, or by a selected third party. We have adopted policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions made on behalf of your accounts, and to ensure that our decisions are in compliance with our fiduciary obligations to you. Our contract may permit you to direct the voting of a particular proxy if you choose. Our proxy voting policies and procedures, including information for you on how your securities were voted, are available upon written request to:

Wavelength Capital Management, LLC  
Attention: Andrew Dassori, Chief Compliance Officer  
215 Park Avenue South, Suite 1902  
New York, NY 10003.

We review, and may elect to participate in, class action lawsuits involving securities owned on behalf of you.

## Financial Information

We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to you, nor have we been the subject of a bankruptcy proceeding.