

**Form ADV Part 2A: *Firm Brochure***

**Item 1 – Cover Page**

**Ark Financial Management, LLC**

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Herndon, VA 20170

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Date of Disclosure Brochure: January 2015

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This disclosure brochure provides information about the qualifications and business practices of Ark Financial Management, LLC (also referred to as we, us and Ark Financial Management throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Robert Wiedemer at 703-787-0139 or [rwiedemer@arkfinria.com](mailto:rwiedemer@arkfinria.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Ark Financial Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Ark Financial Management, LLC or our firm's CRD number 174038.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Ark Financial Management is a newly registered investment adviser, and this disclosure brochure dated January 2015 is the first disclosure brochure prepared by our firm. In the future, this item will discuss only specific material changes that are made to the disclosure brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of this disclosure brochure.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

Ark Financial Management is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a Delaware limited liability company (LLC) located in Herndon, Virginia.

- Robert Wiedemer is the Managing Member of Ark Financial Management and owns 100% of the firm.
- Ark Financial Management filed its initial application to become registered as an investment adviser in January 2015.

### **Introduction**

The investment advisory services of Ark Financial Management are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Ark Financial Management (referred to as your investment adviser representative throughout this brochure).

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Ark Financial Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Ark Financial Management before we can provide you the services described below.

**Asset Management Services** – Ark Financial Management offers and specializes in providing asset management services, which involves Ark Financial Management providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

**Limits Advice to Certain Types of Investments**

Ark Financial Management provides investment advice on the following types of investments:

- Mutual Funds
- Exchange-listed Securities
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Variable Life Insurance
- US Government Securities
- Options Contracts on Securities
- Options Contracts on Commodities
- Futures Contracts on Tangibles
- Futures Contracts on Intangibles
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests
- Exchange Traded Funds (ETFs)

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

**Tailor Advisory Services to Individual Needs of Clients**

Ark Financial Management's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Client Assets Managed by Ark Financial Management**

As a newly registered investment adviser, Ark Financial Management has no assets under management to report as of the date of this Brochure (January 2015).

## **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Ark Financial Management.

### **Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the current billing period. Fees charged during the first quarter of services provided after execution of an advisory agreement are billed on a monthly basis. After the initial quarter, billing is conducted on a calendar quarter basis.

Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

The asset management services continue until terminated by either party (i.e., Ark Financial Management or you) by giving thirty (30) days written notice to the other party. When fees are billed in arrears, Ark Financial Management will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

Fees charged for our asset management services are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), and the total amount of assets under management for the client.

- The annual fee for asset management services will be between 0.50% and 1.50%

Ark Financial Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Ark Financial Management does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Ark Financial Management in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Ark Financial Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

We have an affiliated company, Ark Strategic Investment Partners, LLC, that has formed and manages a private pooled investment vehicle designed under a private fund structure known as Ark Strategic Partners, LP (hereinafter, the “Ark Private Fund”). Ark Strategic Investment Partners will serve as general partner and investment manager of the Ark Private Fund. The term private fund has been defined by regulators to mean “an issuer that would be an investment company as defined in section 3 of the Investment Company Act of 1940 but for section 3(c)(1) or 3(c)(7) of that Act.” The offer and sale of interests in the Ark Private Fund are exempt from registration under the Securities Act of 1933 and similar state laws.

Ark Strategic Investment Partners is partially owned and operated by Ark Financial Management's owners and shares some advisory personnel and employees.

Because Ark Strategic Investment Partners serves as the sponsor, general partner and investment manager to the Ark Private Fund GP, Ark Strategic Investment Partners and Ark Financial Management are not independent of the Ark Private Fund.

**Please understand that it is our policy to neither solicit nor allow you to invest in the Ark Private Fund under the management of Ark Strategic Investment Partners.**

Ark Strategic Investment Partners serving as general partner or managing member of the Ark Private Fund, may be awarded a profit's (or carried) interest in the Ark Private Fund managed by Ark Strategic Investment Partners. Under this arrangement, it is anticipated that Ark Strategic Investment Partners, serving as general partner or managing member of the Ark Private Fund, will receive up to 20% of all of the profits of said fund.

The nature of this arrangement poses an opportunity for our affiliated company, Ark Strategic Investment Partners, to earn more income than through our stand-alone asset based fee (as described in Item 5 – Fees and Compensation of this Disclosure Brochure). There are other potential conflicts associated with this arrangement that are not as common under an asset-based fee arrangement. The nature of a performance based arrangement can encourage unnecessary speculation within fund assets in order to earn or increase the amount of profits retained by our company. Although riskier investments could yield higher returns to a fund, they historically have a higher chance of losing value. However, Ark Strategic Investment Partners has implemented trading procedures designed to avoid or reduce this potential

conflict of interest. Also, because Ark Strategic Investment Partners is allocated a percentage of the private fund's profits, the profits interest arrangement could be perceived as giving us an incentive to time transactions in the private fund to serve the interests of Ark Strategic Investment Partners (in order to manipulate the best performance allocation possible) rather than the best interest of the fund; Ark Strategic Investment Partners strive to avoid any such trading bias or conflict of interest.

There are potential other conflicts of interest we face by managing performance based accounts through Ark Strategic Investment Partners at the same time as managing asset based, non-performance based accounts through Ark Financial Management. For example, the nature of a performance fee poses an opportunity for Ark Strategic Investment Partners to earn more compensation than under a stand-alone asset based fee through Ark Financial Management. Consequently, it could be perceived that we may favor performance fee accounts over those accounts where we receive only an asset based fee; again, we strive to avoid any such bias or conflict.

See also Item 10 and Item 11 for more information.

## **Item 7 – Types of Clients**

Ark Financial Management generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals (i.e. individuals with \$1,000,000 or more under our management or \$2,000,000 net worth not including the client's primary residence)
- Trusts, estates, or charitable organizations
- Corporations and other small business entities

You are required to execute a written agreement with Ark Financial Management specifying the particular advisory services in order to establish a client arrangement with Ark Financial Management.

### **Minimum Investment Amounts Required**

Ark Financial Management requires a minimum of \$100,000 in order to open an account. To reach this account minimum, clients can aggregate all household accounts. Exceptions may be granted to this minimum at the discretion of Ark Financial Management.

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

### **Methods of Analysis**

Ark Financial Management uses the following methods of analysis in formulating investment advice:

- **Charting** - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also,



reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

- Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed.

Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

- Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

- Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy

volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

### **Investment Strategies**

Ark Financial Management uses the following investment strategies when managing client assets and/or providing investment advice:

- Long term purchases. Investments held at least a year.
- Short term purchases. Investments sold within a year.
- Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.
- Short sales. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.
- Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Ark Financial Management.
- Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

### **Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

## **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

- **Margin Risk** - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and Ark Financial Management and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

### **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Ark Financial Management is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

Although Ark Financial Management is not engaged in any other business activities as of the date of this brochure, our advisory personnel intend to form and manage private pooled investment vehicles designed as Private Funds through Ark Strategic Investment Partners, LLC. Ark Strategic Investment Partners or a newly formed affiliate will serve as general partner or managing member of such Private Funds. Please refer to Item 6 of this brochure for more information.

**Please understand that it is our policy to not solicit or allow you to invest in a Private Fund under Ark Strategic Investment Partners management.**

**Aftershock Publishing, LLC**

Robert Wiedemer, member and owner of Ark Financial Management, and David Wiedemer, Chief Compliance Officer, engage in publishing and speaking activities concerning the financial markets and investments. They do this through an affiliated company known as Aftershock Publishing LLC which is equally owned by Robert and David Wiedemer. While these activities are completely separate from the investment advisory services rendered by Ark Financial Management, they may result in the referral of new clients to our firm. Ark Financial Management does not compensate Aftershock Publishing LLC for client referrals. However, Robert and David Wiedemer have an economic incentive to refer clients to Ark Financial Management due to their affiliation with Ark Financial Management.

In addition, Ark Financial Management clients who have been referred to us through the publishing activities of Aftershock Publishing LLC are entitled to receive, at no cost, certain newsletters and participate in additional audio conferences produced by Aftershock Publishing. Clients may decline to receive these third-party services. Ark Financial Management does not pay Aftershock Publishing or its owners for this service.

***Although Aftershock Publishing LLC and Ark Financial Management are affiliated companies, the services and publications of Aftershock Publishing LLC are completely separate from the activities provided through Ark Financial Management. Moreover, Ark Financial Management accepts no responsibility for the publications, commentary or opinions issued by or through Aftershock Publishing LLC.***

**Insurance Agents**

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent may suggest that you implement recommendations of Ark Financial Management by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

**Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

**Code of Ethics Summary**

As an investment advisor, Ark Financial Management has established a Code of Ethics. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each client at all times. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers Insider Trading and Personal Securities Transactions Policies and Procedures. We are committed to conducting business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Full disclosure of all

material facts and potential conflicts of interest will be provided. Business and investor dealings will be honest, ethical and fair. We attempt to avoid or at least disclose all circumstances that might negatively affect or appear to affect our duty of loyalty to clients and investors of the funds we manage. This disclosure is provided as a summary of our Code of Ethics. However, if you would like to review our firm's Code of Ethics in its entirety, a copy will be provided promptly upon request.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Our affiliates may hold similar investments and positions to those also owned by the funds and individually owned accounts we manage. Our affiliates may also acquire, for their own accounts, investments which we do not purchase for accounts under our management, whether because of the greater degree of risk, the complexity of the investment, financing considerations or for other reasons.

As previously disclosed in Items 6 and 10, it is anticipated that our affiliated company, Ark Strategic Investment Partners, will form and manage private pooled investment vehicles designed as Private Funds. As general partner and investment advisor to such Private Funds, our advisory personnel have a material financial interest in the Private Funds. It is anticipated that we will permit our partners and employees of to invest in the Private Funds. Partners and employees seeking to invest in any Private Fund, including those managed by our Firm, must first be approved by our Chief Compliance Officer prior to any purchase or redemption in the Private Funds.

**Please understand that it is our policy to not solicit or allow you to invest in a Private Fund under Ark Strategic Investment Partners management.**

### **Item 12 – Brokerage Practices**

When providing services through our Asset Management program we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

### **Brokerage Recommendations**

Ark Financial Management may recommend and, in some cases, require that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc ("Schwab"), a FINRA-registered broker-dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Ark Financial Management may recommend/require the clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Ark Financial Management is

independently owned and operated and not affiliated with Schwab. Ark Financial Management may recommend additional unaffiliated broker-dealers to affect fixed income transactions.

Schwab provides Ark Financial Management with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained at Schwab Institutional. These services are not contingent upon Ark Financial Management committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require significantly higher minimum initial investment.

For Ark Financial Management's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Institutional also makes available to Ark Financial Management other products or services that benefit Ark Financial Management but may not directly benefit clients' accounts. Many of these products and services may be used to service all or some substantial number of Ark Financial Management' accounts, including accounts not maintained Schwab.

Schwab's products and services that assist Ark Financial Management in managing and administering clients' accounts include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Ark Financial Management's fees from some of its accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help Ark Financial Management manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to Ark Financial Management. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Ark Financial Management personnel. While as a fiduciary, Ark Financial Management endeavors to act in its clients' best interests, Ark Financial Management's recommendation that clients maintain their assets in accounts at Schwab may take into account availability of some of the foregoing products and services and other arrangements not solely on the nature of cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### **Directed Brokerage**

Upon consent and approval of Ark Financial Management, you may be permitted to select the broker-dealer that will be used for your accounts in our Asset Management program. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by Ark Financial Management after effecting trades for other clients of Ark Financial Management. In the event that a

client directs Ark Financial Management to use a particular broker or dealer, Ark Financial Management may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Ark Financial Management to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Ark Financial Management believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Ark Financial Management uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. Ark Financial Management will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Ark Financial Management or our supervised persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our supervised persons receive any additional compensation as a result of block trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by your investment adviser representative, with reviews performed in accordance with your investment goals and objectives.

### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. Additionally, Ark Financial Management may provide position or performance reports to you quarterly and upon request.

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.



## **Item 14 – Client Referrals and Other Compensation**

Ark Financial Management may utilize the services of outside “referring parties” to act as solicitors and refer clients to Ark Financial Management. If a referred client enters into an investment advisory agreement with Ark Financial Management, a referral fee is paid to the referring party, which is based upon a percentage of the client advisory fees that are generated. The referral agreements between any referring party and Ark Financial Management will not result in any charges to clients in addition to the normal level of advisory fees charged.

When a client is referred to us by a referring party, the referring party provides the client with a copy of our Disclosure Brochure as required by the *Investment Advisers Act of 1940*. The client also will complete a Solicitor’s Disclosure Statement document. If the referring party is an unaffiliated registered investment adviser firm, then the client will also receive a copy of the referring party’s Form ADV Part 2 Disclosure Brochure. If a referred client enters into an investment advisory agreement with Ark Financial Management, a referral fee is paid to the referring party. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided.

The referral agreements between Ark Financial Management and referring parties are in compliance with state and federal securities rules regarding paid solicitor arrangements.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Please see *Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices*, for additional discussion concerning other compensation.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Ark Financial Management is deemed to have custody of client funds and securities whenever Ark Financial Management is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Ark Financial Management will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Ark Financial Management is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client’s name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian’s name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client’s independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Ark Financial Management. When clients have questions about

their account statements, they should contact Ark Financial Management or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

When providing asset management services, Ark Financial Management maintains trading authorization over your Account and provides management services on a **discretionary** basis. Such authorization will be memorialized in our client agreement with our firm. By using discretion, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Ark Financial Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

You may elect Ark Financial Management to vote proxies on your behalf. We will generally vote for routine matters proposed by issuer management, such as setting a time or place for an annual meeting, changing the name or fiscal year of the company, or voting for directors in favor of the management proposed slate. Other routine matters which will generally be voted along with company management include: appointment of auditors, fees paid to board members, and change in the board structure. As long as the proposal does not: i) measurably change the structure, management, control or operations of the company; ii) measurably change the terms of, or fees or expenses associated with, an investment in the company; and the proposal is consistent with customary industry standards and practices, as well as the laws of the state of incorporation applicable to the company, Ark Financial Management will generally vote along with management. Clients may obtain information from Ark Financial Management about how their securities are voted and may obtain a copy of Ark Financial Management's proxy voting policies are voted by contacting Robert Wiedemer at the phone number listed on the cover page of this brochure.

If you elect to vote your own proxies, you will receive proxies directly from your custodian or transfer agent and such documents will not be delivered by or from Ark Financial Management. While Ark Financial Management will not vote proxies on your behalf, if you ever have a question about a particular proxy you can contact your investment adviser representative.

### **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. Ark Financial Management does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Ark Financial Management has not been the subject of a bankruptcy petition at any time.