

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

**Fortunatus Investments, LLC**

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This Brochure provides information about the qualifications and business practices of Fortunatus Investments, LLC. If you have any questions about the contents of this brochure, please contact us at 810-229-6446 or [eperich@ewmadvisors.com](mailto:eperich@ewmadvisors.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. Fortunatus Investments, LLC is a registered investment adviser. Reference made to the firm as being registered does not imply any particular level of skill or training.

Additional information about Fortunatus Investments, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 171013.

## Item 2 MATERIAL CHANGES

Consistent with SEC rules, we seek to ensure that our clients receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after the close of our fiscal year. We may also provide you with other disclosures at other times during the year in the event of any material changes to our business.

Since our filing of this Form ADV, Part 2A Disclosure Brochure in June 2014, we have made the following material amendments:

- Items 1 and 11 have been amended to change the contact email for Fortunatus to [eperich@ewmadvisors.com](mailto:eperich@ewmadvisors.com).
- Items 4, 5, 7, 12, 13 and 17 have been amended to disclose the firm's role and duties as investment adviser to the Fortunatus Protactical New Opportunity Fund, a registered investment company. Amendments have also been made to disclose conflicts of interests arising from the firm's employment of the fund within certain of the firm's model portfolios and controls adopted to address such conflicts.
- Reference to a promissory note entered into by and between the founder and principal owner of Fortunatus and INVEST Financial Corporation, Inc. ("INVEST"), an unaffiliated broker dealer with which certain Fortunatus staff are separately licensed as registered representatives, has been removed from Items 5 and 10. No portion of the fees collected for services provided to Fortunatus clients will be used to pay down this note.

Please note, the above summarizes only material amendments made to this Disclosure Brochure since our last filing.

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#### **Item 4     ADVISORY BUSINESS**

Fortunatus Investments, LLC (“Fortunatus”) is an SEC-registered investment adviser with its principal place of business located in Brighton, Michigan. Fortunatus began conducting business as a registered investment adviser in 2014. Albert P. Herzog is President and principal owner of Fortunatus.

Fortunatus offers model asset allocation portfolios to third party investment advisers and provides portfolio management directly to one registered investment company as set forth below.

With respect to our model portfolios, each is designed to meet a particular investment goal. It is the responsibility of the investment adviser engaging Fortunatus to determine each of its end-user client’s financial goals and objectives and to determine which Protactical™ model portfolio is best suited to those needs.

We do not offer or provide investment advice directly to any retail client. Therefore, unless the context implies otherwise, “client” or “adviser-client” as used throughout this Brochure will refer to the investment advisers that directly engage us to receive our model portfolios, whereas “end-user client” will generally refer to the clients of any adviser that engages us and is enrolled by such adviser in one or more of our model portfolios.

The registered investment company to which Fortunatus provides portfolio management services will generally be referred to herein as “the Fund.”

#### **Fortunatus Protactical™ Portfolios**

Our “Protactical”™ process combines proactive adviser-focused tools with tactical asset allocation and research to help third party investment advisers take an active role in client portfolio management. Our approach provides advisers with the flexibility to provide downside protection while participating in market up trends.

Within a diversified framework, Fortunatus uses a top down approach to tactically align our model portfolios across global equity, fixed income and alternative assets. Based on portfolio objectives, our proactive approach pursues opportunities within each asset class to further exploit situations in which the risk for executing the strategy is rewarded. After the appropriate risk/reward opportunities are identified, fundamental research is used to determine the investments that are best positioned to capitalize on these opportunities. With a focus on institutional mutual funds, ETFs and ETNs in an effort to keep expenses at a minimum, our research seeks to identify fund managers with a strong track record of risk adjusted returns and a proven management process. As appropriate, portfolios may, from time to time, be invested directly in equities and/or fixed income instruments.

Fortunatus combines the fundamental research needed to identify funds and ETFs with relative strength and trend-following research in order to provide a complete investment approach. Relative strength and trend-following research allows us to add value across full market cycles by triggering entry and exit points, inter-quarter tactical moves and downside protection strategies.

As disclosed above, and in more detail below, Fortunatus also acts as investment adviser to the Fortunatus Protactical New Opportunity Fund (hereinafter the “Fund”), a registered investment company. As a matter of practice, and as appropriate, Fortunatus seeks to utilize the Fund within the Protactical™ model portfolios. As investment manager to the Fund, with meaningful experience with the Fund’s day-to-day processes, performance, strategy and risks among other factors, Fortunatus

generally does not subject the Fund to the same level of due diligence scrutiny or analysis as it does other funds or investments selected for inclusion in the Fortunatus Protactical™ Portfolios. In addition, an inherent conflict of interest arises in the firm's utilization of the Fund within the Protactical™ Portfolios as the firm has an independent interest in growing the assets of the Fund and stands to earn additional compensation by charging fees at both the Fund level as well as at the model portfolio level. To address these conflicts, Fortunatus has sought herein to make full and fair disclosure to allow adviser-clients and end-user clients to fully evaluate these conflicts as part of their investment decision making process. In addition, we have adopted internal policies requiring loyalty, fairness and good faith by the firm and its employees towards our clients at all times (See also, Item 11). Finally, we have adopted a policy requiring that we offset our annual fee charged at the model portfolio level for any percentage of an end-user client's portfolio that is invested in the Fund. (See Item 5 below).

For each of our model portfolios, the Fortunatus team meets regularly to review global marketplace trends and how to position the portfolios to take advantage of those trends. The ongoing assessment of the portfolios includes performance reviews, a fundamental review of the positions held (except as set forth above with respect to the Fund), and relative strength reviews of asset classes and individual sectors. Adviser-clients engaging Fortunatus gain access not only to our model portfolios, but also regular communications from the Fortunatus investment team.

### **Fortunatus Protactical New Opportunity Fund**

Fortunatus serves as investment adviser to the Fortunatus Protactical New Opportunity Fund (hereinafter the "Fund"), an open-end investment company registered under the Investment Company Act of 1940.

The Fund seeks to invest primarily in small cap stocks in the United States, Europe, Japan and emerging market countries. The Fund tactically manages its exposure to each of these geographic regions based on a proprietary trend analysis that attempts to limit portfolio volatility in down-trending markets ("downside volatility") and downside loss. The Fund endeavors to use a systematic approach to limit its volatility over the long term. This approach attempts to add value to the Fund's investments over full market cycles, as compared to a fully-invested approach.

Interested investors should refer to the Mutual Fund's prospectus for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. Prospective investors should carefully review the prospectus before making any investment in the Fund

### **Assets**

As of 12/31/2014, Fortunatus was providing investment consultation services through its Protactical Portfolios to accounts with aggregate total assets of approximately \$425 million.

## **Item 5 FEES AND COMPENSATION**

### **Fortunatus Protactical™ Portfolios**

For our Protactical™ Portfolios, Fortunatus will charge an annual fee to our adviser-clients of up to .60% of an adviser's end-user clients' assets invested through the models as agreed with the adviser-client. Adviser-clients are typically invoiced quarterly or monthly in advance or arrears as agreed in writing.

As our fee is only part of the total fee charged to end-user clients, end-user clients should refer to their adviser's Disclosure Brochure (Form ADV, Part 2A) for detailed information regarding the total management fee charged, the adviser's billing practices, account minimums and/or minimum annual advisory fee requirements established, as applicable. Fortunatus does not control the billing processes of our adviser-clients.

We will offset our annual fee to an adviser-client at the portfolio level for any percentage of an end-user client's portfolio that is invested in the Fortunatus Protactical New Opportunity Fund.

### **Fortunatus Protactical™ Small Cap Index Fund**

The Fund's fee schedule is set forth in its prospectus. Interested investors should refer to the Fund's prospectus for important information regarding fees, expenses, and additional information. Prospective investors should carefully review the prospectus before making any investment in the Fund.

#### **General Information**

***Negotiability of Fees:*** In certain circumstances, all fees may be negotiable. In addition, certain affiliates of Fortunatus may receive advisory services at a discounted rate which is not available to advisory clients generally.

***Termination:*** A "master" adviser-client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. End-user agreements may be cancelled as agreed between the end-user client and his/her adviser. As disclosed above, certain fees may be paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

The agreement between Fortunatus and the Fund may be cancelled only as provided by its terms.

***Fund Fees and Expenses:*** All fees paid to Fortunatus for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs and ETNs to their shareholders. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. As disclosed above, and at Item 4, we will offset our annual fee at the portfolio level for any percentage of an end-user client's portfolio that is invested in the Fortunatus Protactical New Opportunity Fund.

***Additional Fees and Expenses:*** In addition to Fortunatus' advisory fees, our clients or end-user clients, as appropriate, are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

## Item 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Fortunatus does not charge performance-based fees to any client.

## Item 7 TYPES OF CLIENTS

Fortunatus offers advisory services to investment advisers registered at either the state or federal level and provides portfolio management services to one registered investment company.

Although we do not currently impose minimum account balance requirements for providing Fortunatus Protactical™ Model Portfolios to third party advisers as engaged, a minimum investment requirement is imposed by the Fund. Interested investors should refer to the Fund's prospectus for important information regarding minimum initial and subsequent investments based on share class.

## Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis employed by Fortunatus includes trend following and relative strength analysis.

- *Trend Following:* Trend following is a method of analysis that objectively determines whether our client portfolios should have exposure to a rising asset class or preserve capital during unfavorable market environments.
- *Relative Strength:* This method of analysis seeks to objectively identify market strength in order to ensure that clients invest in the best performing segments while underweighting or avoiding the weaker segments.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to

invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. In addition, as set forth above, Fortunatus generally does not subject the Fund to the same level of due diligence scrutiny or analysis as it does other funds or investments selected for inclusion in the Fortunatus Protactical™ Portfolios.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts:

**Asset Allocation.** The primary investment strategy used by Fortunatus is based on diversification of the client's assets among a variety of investment vehicles and asset classes, popularly termed "Asset Allocation." The focus of Fortunatus' recommendations then is primarily to achieve a diversified portfolio of investment assets with risk and return characteristics similar to those desired by Fortunatus' clients. This strategy may include evaluation of the current percentage allocation of assets among or within various broad categories with recommendations to reposition assets to work toward the client's desired results.

Fortunatus' Investment Committee meets regularly to evaluate new and reevaluate existing investment opportunities. During these meetings Fortunatus will deliberate issues regarding the proper allocation of model portfolios based on the current economic conditions.

**Long-term purchases.** We recommend the purchase securities with the idea that they be held in a client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we recommend the purchase of securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we



purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Short sales.** We may recommend the borrowing of shares of a stock for a portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we recommend the purchase of the same stock and the return of the shares to the original owner. We recommend short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Short selling results in some unique risks:

- *Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.
- *Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up.
- *Timing.* Even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.
- *Inflation.* History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

**Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9      DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective

client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

## **Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Although Fortunatus and its associated persons do not recommend, select or delegate investment management responsibilities to other investment advisers in relation to our Protactical™ Portfolio services, investment adviser representatives of Fortunatus may provide investment advisory and related services separate from those offered through Fortunatus through other firms with which such persons are associated, including firms affiliated with and unaffiliated with Fortunatus, and in so doing, may recommend the use of other investment advisers.

Fortunatus is related, through common ownership and control, to Executive Wealth Management, LLC ("EWM") and to 401(K) GPS, LLC ("401(K) GPS"), each a registered investment adviser. EWM has entered into an agreement with Fortunatus and provides portfolio management services to clients through a wrap fee program that utilizes the Fortunatus Protactical™ model portfolios. 401(K) GPS does not manage client assets, but rather, provides investment advice with respect to a client's 401(k), simple IRA, 403b, or 457 defined contribution retirement plans. Fortunatus currently shares its principal office and certain executives, staff and place of business with EWM and 401(K) GPS.

Whereas Fortunatus is a registered investment adviser on whose behalf its licensed investment adviser representatives provide investment advisory services, the principal executive officers and other employees of Fortunatus also separately provide brokerage and related investment services as registered representatives of INVEST Financial Corporation, Inc., an SEC registered and FINRA-member broker dealer and investment adviser ("INVEST"). INVEST is not affiliated with Fortunatus through common ownership or control, however, under applicable regulations, it is required to supervise certain activities of their registered persons who may separately be associated with Fortunatus.

Associated persons of Fortunatus are also insurance agents or brokers for one or more insurance companies that are not affiliated with Fortunatus. The independent insurance activities of these associated persons will typically be provided through Executive Financial Planning, Inc. a licensed insurance agency that is related to Fortunatus through common ownership and control. Certain principal executive officers of Fortunatus are also officers of Executive Financial Planning, Inc.

Officers and employees of Fortunatus, in their separate capacities as registered representatives and/or insurance agents or brokers, are able to effect securities transactions and/or purchase insurance and insurance-related investment products, including interests in limited partnerships, real estate investment trusts (REITs), and other securities, for which they will receive separate, yet customary compensation. Neither Fortunatus nor any related person of Fortunatus serves as General Partner to or has any ownership stake in any limited partnership recommended to clients or otherwise utilized in the Fortunatus Protactical™ model portfolios. No affiliated person of Fortunatus receives commission or other transaction-based compensation in connection with trades placed in any account managed by Fortunatus on a discretionary basis.

While the officers, directors and employees of Fortunatus endeavor at all times to put the interests of clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation for outside, related activities itself creates an inherent conflict of interest, which may unknowingly affect the judgment of these individuals when making recommendations. However, our

firm maintains policies and procedures aimed at addressing these conflicts as outlined in Item 11 below.

## **Item 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Fortunatus and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Fortunatus' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [eperich@ewmadvisors.com](mailto:eperich@ewmadvisors.com), or by calling us at 810-229-6446.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As these situations present actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s)

where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to disciplinary action up to and including termination.

As disclosed at Item 10 of this Brochure, related persons of our firm are separately registered as securities representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to the preceding section for a detailed explanation of these relationships and important conflict of interest disclosures.

Fortunatus and individuals associated with our firm are prohibited from engaging in principal or agency cross transactions. (A principal transaction occurs when our firm or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. An agency cross transaction occurs where our firm acts as an investment adviser in relation to a transaction in which any person controlled by or under common control with our firm, acts as broker for both the advisory client and for another person on the other side of the transaction).

## **Item 12 BROKERAGE PRACTICES**

### **Fortunatus Protactical™ Portfolios**

Fortunatus does not enter trades on behalf of any adviser-client. Instead, Fortunatus provides its Protactical™ Model Portfolios and regular updates to third party investment advisers that then place trades based on the appropriate model(s) in end-user client accounts. Adviser-clients are solely responsible for selecting the broker dealer with which to enter trades in end-user client accounts and

for evaluating the execution performance of those brokers. Due to the nature of its business, therefore, Fortunatus does not systematically evaluate broker dealers, enter or block trades or negotiate commissions with broker dealers. As appropriate and upon request, Fortunatus may recommend certain broker dealers to adviser-clients. Any recommended broker must be independently evaluated by adviser-clients. Factors considered by Fortunatus when making such recommendations are the broker's ability to provide professional services, compatibility of the broker's platform with the delivery of the Protactical™ Portfolio models, Fortunatus' experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. End-user clients should review its adviser's Form ADV, Part 2A for detailed information regarding its brokerage recommendations, practices and policies brokerage practices.

### **Fortunatus Protactical™ Small Cap Index Fund**

Fortunatus is granted discretionary authority by the Fund to determine the broker dealer to be used for Fund trades and the commission rates to be paid. As such, Fortunatus endeavors to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Fortunatus in providing investment management services to clients.

Because the Fund is currently the only client for whom Fortunatus directly places trades, we do not currently aggregate trades among several clients.

Fortunatus does not currently have soft dollar arrangements with any broker dealer. However, a portion of the fees and taxes associated with the Morningstar Advisor Workstation, a tool which provides Fortunatus with the latest Morningstar data, tools and reports, may be paid by our affiliate, Executive Wealth Management, LLC ("EWM") which benefits are provided to EWM through its participation in TD Ameritrade's Institutional Customer Program.

Fortunatus has conducted due diligence regarding WallachBeth Capital, LLC (WallachBeth), an unaffiliated third party broker dealer, to provide certain back office and administrative support services for the Fund, including trading and rebalancing client portfolios as instructed by Fortunatus, portfolio reporting and fee calculation, among other things. WallachBeth may, from time to time, trade the same or similar securities for its other clients as are traded for the Fund and, when this occurs, the Fund may receive a better or worse price or execution than WallachBeth's clients depending on the order of trade execution, the type of security traded, and the clearing firm used when executing trades.

## **Item 13 REVIEW OF ACCOUNTS**

### **Fortunatus Protactical™ Portfolios**

For each of our model portfolios, the Fortunatus Investment Committee meets regularly to review global marketplace trends and how to position the portfolios to take advantage of those trends. The ongoing assessment of the portfolios includes performance reviews, a fundamental review of the positions held, and relative strength reviews of asset classes and individual sectors.

Advisers engaging Fortunatus gain access not only to our model portfolios, but also regular communications from the Fortunatus Investment Committee. In addition to the monthly statements and confirmations of transactions that end-user clients receive from their custodian, Fortunatus will provide our adviser-clients with written monthly reports summarizing the performance of the Protactical™ models.

## **Fortunatus Protactical™ Small Cap Index Fund**

Investors and prospective investors in the Fund should refer to the prospectus for important information regarding reviews and regular reports provided to the Fund trustees and/or investors by Fortunatus.

### **Item 14 CLIENT REFERRALS AND OTHER COMPENSATION**

Except as already described in this Brochure, neither our firm nor any of our related persons receives compensation or any other economic benefit from a third party in connection with the provision of investment advice to our clients. As disclosed at Item 12 of this Brochure, Fortunatus does receive certain economic benefits from its affiliate, Executive Wealth Management, LLC (“Fortunatus”), which benefits are provided, indirectly, by TD Ameritrade.

Fortunatus does not have any arrangements under which it compensates any person, whether a third party or affiliate, directly or indirectly, for client referrals.

### **Item 15 CUSTODY**

We do not have actual or constructive custody of any client’s funds or other assets in connection with the provision of advisory services.

### **Item 16 INVESTMENT DISCRETION**

#### **Fortunatus Protactical™ Portfolios**

Fortunatus does not accept investment discretion with respect to, or otherwise enter trades in any end-user-client account. Instead, Fortunatus provides its Protactical™ Portfolios and regular updates to third party investment advisers that then place trades based on the appropriate model(s) in end-user client accounts that have directly engaged those advisers.

#### **Fortunatus Protactical™ Small Cap Index Fund**

As investment adviser to the Fund, Fortunatus is granted the discretionary authority in the relevant organizational documents and separate advisory agreement to determine which securities and the amounts of securities that are to be bought or sold for the Fund.

### **Item 17 VOTING CLIENT SECURITIES**

#### **Fortunatus Protactical™ Portfolios**

As a matter of firm policy, we do not vote proxies on behalf of end-user-clients. Therefore, although our firm may provide investment advisory services relative to end user-client investment assets, adviser-clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the end user-client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. Adviser-clients are responsible for instructing each custodian of the assets, to forward to the adviser-client (or the end-user client depending on the adviser-client’s proxy voting policies) copies of all proxies and shareholder communications relating to the client’s investment assets.

## **Fortunatus Protactical™ Small Cap Index Fund**

Fortunatus is granted the authority and responsibility to vote proxies solicited by the issuers of securities held by the Fund. As a matter of policy and practice, Fortunatus will vote proxies in the best interest of the Fund, typically with the goal of maximizing value for the Funds and the investors in the Funds. To that end, Fortunatus endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Funds' investments to increase the most or decline the least in value. Consideration is given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote.

In the event of any actual or potential conflicts of interests in the voting of the Fund's proxies, Fortunatus will make appropriate disclosures to the trustees and seek the recommendation of an independent third party in deciding how to vote. Fortunatus maintains relevant and appropriate proxy records as part of the firm's Proxy Policy & Procedures.

Fortunatus' complete proxy voting policy and procedures are available for review upon request by the Fund trustees by contacting Fortunatus' Chief Compliance Officer via email at [eperich@ewmadvisors.com](mailto:eperich@ewmadvisors.com), by phone at 810-229-6446 or by mailing the request to the firm's principal office address.

### **Item 18 FINANCIAL INFORMATION**

Fortunatus has no additional no financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Fortunatus has not been the subject of a bankruptcy petition at any time during the past ten years.