

**Form ADV Part 2A – Firm Brochure
Item 1: Cover Page
May 2018**



Vita Intellectus

**3400 Carillon Point
Kirkland, WA 98033-7317**

**Firm Contact: Josh Label
Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Vita Intellectus, LLC doing business as Vita Intellectus. If you have any questions about the contents of this brochure, please contact by telephone at (425) 406-6830 or email at info@vitaintellectus.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.

Additional information about Vita Intellectus, LLC also is available on the SEC's website at www.adviserinfo.sec.gov by searching CRD # 159164.

Please note that the use of the term "registered investment adviser" and description of Vita Intellectus, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

Item 2: Material Changes

Our firm is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

Last Annual Updating Amendment: March 6, 2018

Since the last annual amendment filing, we have applied for registration with the SEC.

Item 3: Table of Contents

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Item 4: Advisory Business

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of Washington. In February 2017, we changed our name from ULT Wealth Advisors, LLC to Vita Intellectus, LLC. Our firm has been in business as an investment adviser since 2011 and is owned as follows:

Moghis Uddin Mohammad – Fifty-five percent owner
Josh Label – Forty-five percent owner

Description of the Types of Advisory Services We Offer

Comprehensive Wealth Advisory Service:

Our Comprehensive Wealth Advisory Service encompasses asset management as well as providing financial planning/financial consulting to clients for a single advisory fee. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds, mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

Private Client Group:

Private Client Group consists of only qualified clients and is offered Comprehensive Wealth Advisory Services as described above. Discretionary authority must be given by the client for this service. Fees charged will include a management fee and a performance fee described in Item 6 of this brochure.

Asset Management:

As part of our Asset Management service, a portfolio is created, consisting of individual stocks, bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives. Assets are managed by our firm on a discretionary or non-discretionary basis, as indicated in the signed client agreement.

Tailoring of Advisory Services

We offer individualized investment advice to all of our clients. We allow clients to impose reasonable restrictions on investing in certain securities or types of securities but may limit them due to the level of difficulty this would entail in managing their account.

Participation in Wrap Fee Programs

We do not offer wrap fee programs.

Regulatory Assets under Management

Our firm manages \$83,205,405 on a discretionary basis and \$31,304,498 on a non-discretionary basis as of May 1, 2018.

Item 5: Fees & Compensation

How We Are Compensated for Our Advisory Services

Comprehensive Wealth Advisory Service:

<u>Assets Under Management</u>	<u>Annual Percentage of Assets Charge:</u>
Up to \$4,999,999.99	0.50%
\$5,000,000 to \$19,999,999.99	0.40%
Over \$20,000,000	0.30%

In addition to the schedule above, we charge a flat asset management fee of 1.00%. Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our firm's fees are negotiable and will generally be automatically deducted from your managed account. If accounts are opened during the quarter, the pro-rata advisory fees will be deducted during the next regularly scheduled billing cycle. As part of the fee deduction process, you understand and acknowledge the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

In rare cases, we will agree to directly bill clients. We accept checks as a form of payment.

Private Client Group:

Fees charged for this service will be done on a percentage-based management fee as well as a performance fee described in Item 6 of this brochure and indicated in the Private Client Group Service Agreement. Our firm's fees will generally be automatically deducted from your managed account. If accounts are opened during the quarter, the pro-rata advisory fees will be deducted during the next regularly scheduled billing cycle. As part of the fee deduction process, you understand and acknowledge the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

In rare cases, we will agree to directly bill clients. We accept checks as a form of payment.

Asset Management:

Our firm charges a 1.00% management fee for this service. Fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our firm's fees will generally be automatically deducted from your managed account. If accounts are opened during the quarter, the pro-rata advisory fees will be deducted during the next regularly scheduled billing cycle. As part of the fee deduction process, you understand and acknowledge the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

In rare cases, we will agree to directly bill clients. We accept checks as a form of payment.

Other Types of Fees & Expenses

Our Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Termination & Refunds

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

Commissionable Securities Sales

We do not sell securities for a commission. In order to sell securities for a commission, we would need to have our associated persons registered with a broker-dealer. We have chosen not to do so. If we receive any other compensation for our advisory services, we will (i) offset that compensation against our stated fees, and (ii) will disclose to you the amount of such compensation, the services rendered for such compensation, the payer of such compensation and a description of our arrangement with the payer.

Item 6: Performance-Based Fees & Side-By-Side Management

Our firm charges qualified clients a “performance fee” along with an account management fee. Our management fee will be calculated as follows and indicated in the Private Client Group Service Agreement:

<u>Assets Under Management</u>	<u>Annual Percentage of Assets Charge:</u>
Up to \$4,999,999.99	0.50%
\$5,000,000 to \$19,999,999.99	0.40%
Over \$20,000,000	0.30%

Our firm’s fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. We also charge a performance based fee quarterly in arrears at the end of each quarter as follows:

Performance based fees can only be assessed to a Qualified Client, with at least \$1,000,000 under management with our firm or a net worth of at least \$2,100,000. A performance fee is a fee based on a share of capital gains on or capital appreciation of the managed assets of a client.

In addition to the advisory fee charged, our firm charges 20% of the net profits (i.e., profits after our management fee has been deducted) achieved for the previous quarter’s account management. The performance fee is payable only if the net profits in the client account(s) exceed the performance calculation of the previous year (a “high water mark”). At our discretion, our firm may waive all or any portion of the performance fee or may agree with a client to other changes to the performance fee by written agreement only.

In charging performance fees to some client accounts, our firm faces a conflict of interest as our firm can potentially receive greater fees from client accounts having a performance-based compensation structure than from accounts only charged an advisory fee. As a result, there exists an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays

a performance fee. Our firm has taken important steps to ensure that our performance based accounts are not favored over our client's non-performance fee based accounts.

Performance based and non-performance based accounts are periodically reviewed and compared. In the event that our firm finds performance based accounts are being unduly (i.e., consistently) favored over non-performance based accounts, our firm would take action to address the situation on a case-by-case basis. This could include allowing non-performance based accounts to trade before performance based accounts to the extent practicable, or if the problem persists, not allowing new performance based accounts, waiving our performance based fees or cancelling our performance based fee arrangements altogether and in some cases, termination of firm personnel.

Our firm also makes use of block trades and allocations made based on client's risk tolerance, investment objectives and restrictions. Our firm will periodically review block trade allocations to detect whether profitable trades are being disproportionately allocated to performance based accounts, while unprofitable trades are being disproportionately allocated to pure-fee based accounts with no performance fee. If a problem is detected in the allocation of block trades, our firm will take measures as previously described above.

Item 7: Types of Clients & Account Requirements

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$250,000 for our Comprehensive Wealth Advisory Services and a minimum account balance of \$1,000,000 for Private Client Group services. Generally, this is not negotiable and would be required throughout the course of the client's relationship with our firm.
- Our firm does not impose requirements for our Asset Management service.
- Accounts belonging to qualified clients (clients with at least \$1,000,000 under management with our firm or a net worth of at least \$2,000,000) are required to be managed according to the Private Client Group service.

Item 8: Methods of Analysis, Investment Strategies & 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. In addition, there is a risk that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

- **Cyclical Analysis:** In this type of technical analysis, we measure the movements of a particular market or security against other markets or securities in an attempt to predict the price movement of the security. Risks include that cycles may invert or disappear and there is no expectation that this type of analysis will pinpoint turning points, instead be used in conjunction with other methods of analysis.
- **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 does not consider the underlying financial condition of a company or market. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Investment Strategies We Use

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- **Long-Term Purchases:** (Securities Held At Least a Year): When utilizing this strategy, we may purchase securities with the expectation of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage 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. Typically we employ this sub-strategy when we believe the securities to be well valued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.
- **Short-Term Purchases:** When utilizing this strategy, we may purchase securities with the expectation 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. The risk in this strategy is that the funds invested may decline sharply in value before we make a decision to sell. Frequent trading can also affect investment performance, particularly through increased brokerage and other transaction costs and taxes.
- **Trading:** While not our standard practice, we may purchase securities with the expectation of selling them very quickly (within 30 days or less). We would do this in an attempt to take advantage of our predictions of brief price swings. The risk associated with this strategy is that a high volume of trading activity may lead to increased transaction fees, returns are not guaranteed on any transaction and that the market can be volatile.
- **High Frequency Trading (HFT):** We utilize HFT for our Private Client Group. High frequency trading is characterized by a high number of orders and transactions, and a low average profit per trade. Typical position holding periods for HFT strategies range from a few seconds to a few hours. In most cases, positions are not held overnight. Identifying and capitalizing on temporary

market inefficiencies, HFT relies on highly sophisticated technology infrastructures and massive amounts of intra-day market data. Although HFT can be applied to any sufficiently liquid electronically-traded financial instrument, most active HFT strategies currently operate in equity foreign exchange and derivatives markets.

We maintain up to 25% of the clients' holdings as a satellite portfolio for short term market swings depending on market conditions. Frequency of trading could range from intraday, to daily, to weekly, up to a month for holding times depending on market conditions. These strategies are deployed in highly volatile positions to try to capture the spreads and opportunities available in the high volatile positions.

- **Short Sales:** We may borrow shares of a stock for your 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 buy the same stock and return the shares to the original owner. We engage in 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. The risks associated with this strategy include an unlimited downside as the gain is limited by the fact that the stock can't fall below zero, and the loss is unlimited because a stock's price can keep rising.
- **Margin Transactions:** We may 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. The risk in utilizing borrowed money is that clients may be subject to a margin call, where the addition of cash will be required to liquidate the position.
- **Option Writing:** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts. A call gives us the right to buy an asset at a certain price within a specific period of time. We may buy a call if we have determined that the stock will increase substantially before the option expires. A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we have determined that the price of the stock will fall before the option expires. We may use options to "hedge" a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio. We may use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors. Inherent risks associated with this strategy include time sensitivity and that options are less tangible than other investments. An options contract is for a short period - generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price

change does not occur before the option expires. Options are book entry only investments and do not come with paper certificates of ownership.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. While the financial markets and value of the securities your portfolio is invested in may increase and your account(s) could enjoy a gain, it is also possible that the financial markets and the value of the securities your portfolio is invested in may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the financial markets, that the risks are appropriately diversified in your investments, and that you ask us any questions you may have.

Description of Material, Significant or Unusual Risks

We generally invest clients' cash balances in FDIC insured bank deposit programs or money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Some cash will be maintained so that our firm may debit advisory fees for our services related to Comprehensive Portfolio Management as applicable. Ultimately, we try to achieve the highest return on our clients' cash balances through relatively low-risk conservative investments.

Item 9: Disciplinary Information

There are no 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.

Item 10: Other Financial Industry Activities & Affiliations

We have no outside financial industry activities or affiliations to disclose.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

An investment adviser is considered a fiduciary and our firm has a fiduciary duty to all of our clients. 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 of our clients at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes policies and procedures to avoid Insider Trading, as well as Personal Securities Transactions Policies and Procedures. Upon employment or affiliation, and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest. Related persons of our firm may buy or sell securities and other investments that are also owned by our clients. In order to minimize this potential conflict of interest, our related persons will place client interests ahead of

their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

Compliance with Department of Labor Fiduciary Rule

Our firm provides investment advice to assets affected by the Department of Labor ("DOL") Fiduciary Rule for a level fee. As such, we abide by the Impartial Conduct Standards as defined by the DOL. To comply with these standards, our firm and our advisors give advice that is in our clients' best interest, charge no more than reasonable compensation (within the meaning of ERISA Section 408(b)(2) and Internal Revenue Code Section 4975(d)(2), and make no misleading statements about investment transactions, compensation, conflicts of interest, and any other matters related to investment decisions.

As a level-fee fiduciary, we maintain a non-variable compensation structure that is provided on the basis of a fixed percentage of the value of assets or a set fee that does not vary with the particular investment recommended, as opposed to a commission or other transaction based fee.

Item 12: Brokerage Practices

Selecting a Brokerage Firm

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues

With this in consideration, our firm has an arrangement with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab") in addition to Wells Fargo Prime Services, LLC ("Wells Fargo"). Under the arrangement with Schwab and Wells Fargo we receive services which include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients but that may benefit our firm.

As part of the arrangement described above Schwab and Wells Fargo also make certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Schwab and Wells Fargo directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Schwab and Wells Fargo to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software

used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab and Wells Fargo to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above, for no additional cost, we may have an incentive to continue to use or expand the use of Schwab's and Wells Fargo's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Schwab and Wells Fargo and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution. In no way shape or form do we choose a broker dealer based on the products or services provided to us.

Schwab and Wells Fargo charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Schwab and Wells Fargo enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Schwab's and Wells Fargo's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Schwab and Wells Fargo may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to Schwab and Wells Fargo that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

We participate in prime brokerage services provided by Wells Fargo for equity trades. As the introducing prime broker, Wells Fargo shall transmit orders to Goldman Sachs Execution & Clearing, LP ("Goldman") for the execution of trades. Goldman will clear our prime brokerage transactions in a Wells Fargo broker-dealer credit account established in the name of Schwab and designated for our client account holders to the account allocation established at our master account at Schwab. Pursuant to the Direct Market Access Agreement with Wells Fargo, we will transmit to Wells Fargo all the details of each prime brokerage transaction to be cleared by Goldman for our account, including, but not limited to, the contract amount, the security involved, the number of shares or number of units, and whether the transaction was a long or short sale or a purchase.

Soft Dollars

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Client Brokerage Commissions

We do not acquire client brokerage commissions (or markups or markdowns).

Procedures to Direct Client Transactions in Return for Soft Dollars

We do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

Brokerage for Client Referrals

Our firm does not receive brokerage for client referrals. We do not receive referrals from broker-dealers or third parties.

Directed Brokerage

In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing (often through our advisory agreement), and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant.

We provide appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that we otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, we will inform you in writing that your trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

Permissibility of Client-Directed Brokerage

We allow clients to direct brokerage. However, we may be unable to achieve the most favorable execution of client transactions.

Aggregation of Purchase or Sale

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13: Review of Accounts or Financial Plans

We review accounts on at least a quarterly basis for our clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Moghis Mohammad and Josh Label will conduct reviews. We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. The custodian shall provide clients with periodic investment reports showing the assets and market values for each security included in the assets. Verbal reports to clients take place on at least an annual basis when we meet with clients.

Item 14: Client Referrals & Other Compensation

Client Referrals

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4) 3 of the Investment Advisers Act of 1940.

Other Compensation

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 advisors that have their clients maintain 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 to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Furthermore, we receive from Wells Fargo certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program as described in Item 12 of this Brochure. Specifically, the Additional Services include (i) access to Goldman Sachs Execution & Clearing, L.P., the clearing firm acting as the executing broker for equity trades; and (ii) access to the NYSE Area Marketplace, the Nasdaq Market Center, and such other market centers as it may make available certain data and other information relating to securities or other financial instruments, products, vehicles, or devices. Wells Fargo provides the Additional Services to our firm at its sole discretion and at its own expense, and we do

not pay any fees to Wells Fargo for the Additional Services. Our firm and Wells Fargo have entered into separate agreements (“Nasdaq Subscriber Agreement”) and (“Addendum to Agreement for Receipt of Consolidated Network A Data and NYSE Market Data: Payment by Third Party”) to govern the terms of the provision of the Additional Services.

Item 15: Custody

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

Third Party Money Movement:

The SEC issued a no-action letter (“Letter”) with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with the account custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

Item 16: Investment Discretion

We accept discretionary authority to manage client accounts. Our clients need to sign a discretionary investment advisory agreement with our firm for the management of these accounts. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold.

Item 17: Voting Client Securities

We do not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 18: Financial Information

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year. Also please note that we have not been the subject of a bankruptcy petition at any time. Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.