

# Aldemar Research Corporation

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Aldemar Research Corporation. If you have any questions about the contents of this brochure, please contact us at (315) 382-4843 or by email at: [agroa@aldemarresearch.com](mailto:agroa@aldemarresearch.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 Aldemar Research Corporation is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Aldemar Research Corporation's CRD number is: 178523.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment on 01/11/2018 of Aldemar Research Corporation are described below. Material changes relate to Aldemar Research Corporation's policies, practices or conflicts of interests.

- Aldemar Research Corporation has updated contact information (Cover Page).
- Aldemar Research Corporation

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Aldemar Research Corporation (hereinafter "ARC") is a Corporation organized in the State of New York.

The firm was formed in March 2015, and the principal owner is Andrew Lewis Groat.

### **B. Types of Advisory Services**

#### ***Portfolio Management Services***

ARC offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. ARC creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

ARC evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

ARC seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of ARC's economic, investment or other financial interests. To meet its fiduciary obligations, ARC attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, ARC's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is ARC's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

#### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

### Services Limited to Specific Types of Investments

ARC generally limits its investment advice to mutual funds, fixed income securities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and non-U.S. securities. ARC may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

ARC offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent ARC from properly servicing the client account, or if the restrictions would require ARC to deviate from its standard suite of services, ARC reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program wherein the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. ARC does not participate in any wrap fee programs.

### **E. Assets Under Management**

ARC has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 39,712,279	\$ 2,659,560	September 2018

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Asset-Based Fees for Portfolio Management*

Total Assets Under Management	Annual Fee
\$25,000 - \$1,000,000	1.50%
\$1,000,001 - \$5,000,000	1.00%
\$5,000,001 - And Up	0.75%

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of ARC's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

ARC bills based on the balance on the first day of the billing period.

#### *Financial Planning Fees*

Clients may terminate the agreement without penalty for a full refund of ARC's fees within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

#### *Fixed Fees*

The negotiated fixed rate for creating client financial plans is between \$50 and \$1,000. Fees are charged in arrears upon completion.

#### *Hourly Fees*

The negotiated hourly fee for these services is between \$50 and \$150. Fees are charged in arrears upon completion.

### B. Payment of Fees

#### *Payment of Asset-Based Portfolio Management Fees*

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis, or may be invoiced and billed

directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in advance.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check.

Fixed financial planning fees are paid in arrears upon completion.

Hourly financial planning fees are paid in arrears upon completion.

### **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e., custodian fees, commissions, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by ARC. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **D. Prepayment of Fees**

ARC collects certain fees in advance and certain fees in arrears, as indicated above. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

### **E. Outside Compensation For the Sale of Securities to Clients**

ARC or its supervised persons may accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Andrew Lewis Groat is a registered representative of a broker-dealer and an insurance agent and in these roles, accepts compensation for the sale of securities and other products to ARC clients.

#### ***1. This is a Conflict of Interest***

Supervised persons may accept compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds to ARC's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation



received rather than on the client's needs. When recommending the sale of securities or investment products for which the supervised persons receives compensation, ARC will document the conflict of interest in the client file and inform the client of the conflict of interest.

***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase ARC recommended products through other brokers or agents that are not affiliated with ARC.

***3. Commissions are not ARC's primary source of compensation for advisory services***

Commissions are not ARC's primary source of compensation for advisory services.

***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are reduced to offset the commissions or markups on securities or investment products recommended to clients.

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

ARC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

ARC generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

***Minimum Account Size***

There is no account minimum for any of ARC's services.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

ARC's methods of analysis include charting analysis, fundamental analysis, technical analysis, quantitative analysis and modern portfolio theory.

**Charting analysis** involves the use of patterns in performance charts. ARC uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

#### *Investment Strategies*

ARC uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

As a registered representative of Ridgeway & Conger, Andrew Lewis Groat accepts compensation for the sale of securities.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither ARC nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Andrew Lewis Groat is a registered representative of Ridgeway & Conger and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. ARC always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of ARC in such individual's capacity as a registered representative.

Andrew Lewis Groat is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. ARC always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of ARC in connection with such individual's activities outside of ARC.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

ARC does not utilize nor select third-party investment advisers. All assets are managed by ARC management.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **A. Code of Ethics**

ARC has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. ARC's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

ARC does not recommend that clients buy or sell any security in which a related person to ARC or ARC has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of ARC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of ARC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. ARC will always document any transactions that could be construed as conflicts of interest and will never engage in

trading that operates to the client's disadvantage when similar securities are being bought or sold.

Since ARC does not have discretion over client accounts, it will alert clients to its recommendations regarding any recommended securities prior to trading such securities for its or its representatives' personal accounts. Where ARC and/or its representatives seek to buy or sell a security that is also recommended to a client and the client authorizes the recommended transaction for the client's account, ARC will attempt to effect the transaction for the client's account at the same time it effects the transaction for its own (or its representatives') account and will ensure that clients receive at least as favorable a price for the specified transaction as ARC and/or its representatives receive. ARC will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of ARC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of ARC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, ARC will never engage in trading that operates to the client's disadvantage if representatives of ARC buy or sell securities at or around the same time as clients.

Since ARC does not have discretion over client accounts, it will alert clients to its recommendations regarding any recommended securities prior to trading such securities for its or its representatives' personal accounts. Where ARC and/or its representatives seek to buy or sell a security for personal accounts at or around the same time it does so for clients and the client authorizes the transaction for the client's account, ARC will attempt to effect the transaction for the client's account at the same time it effects the transaction for its own (or its representatives') account and will ensure that clients receive at least as favorable a price for the specified transaction as ARC and/or its representatives receive. ARC will never engage in trading that operates to the client's disadvantage when trading securities at or around the same time as clients.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on ARC's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and ARC may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral

communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in ARC's research efforts. ARC will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

ARC recommends Interactive Brokers LLC, Schwab Institutional, a division of Charles Schwab & Co., Inc. and COR Clearing.

### ***1. Research and Other Soft-Dollar Benefits***

While ARC has no formal soft dollars program in which soft dollars are used to pay for third party services, ARC may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). ARC may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and ARC does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. ARC benefits by not having to produce or pay for the research, products or services, and ARC will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that ARC's acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***2. Brokerage for Client Referrals***

ARC receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

ARC may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to ARC to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage. . If clients' direct brokerages, then most favorable execution may not be achieved, which may cost the client more.



## **B. Aggregating (Block) Trading for Multiple Client Accounts**

ARC does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

# **Item 13: Reviews of Accounts**

## **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for ARC's advisory services provided on an ongoing basis are reviewed at least quarterly by Andrew L Groat, Chief Compliance Officer with regard to clients' respective investment policies and risk tolerance levels. All accounts at ARC are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Andrew L Groat, Chief Compliance Officer. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, ARC's services will generally conclude upon delivery of the financial plan.

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of ARC's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. ARC does not provide additional written reports, all required reports will be sent by the custodian.

Each financial planning client will receive the financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

ARC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to ARC's clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

ARC does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, ARC will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. ARC does not provide account statements to clients in addition to those provided by the custodian.

## **Item 16: Investment Discretion**

ARC does not have discretion over client accounts at any time.

## **Item 17: Voting Client Securities (Proxy Voting)**

ARC will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

ARC neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

**B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither ARC nor its management has any financial condition that is likely to reasonably impair ARC's ability to meet contractual commitments to clients.

**C. Bankruptcy Petitions in Previous Ten Years**

ARC has not been the subject of a bankruptcy petition in the last ten years.

**Item 19: Requirements For State Registered Advisers**

**A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

ARC currently has only one management person: Andrew Lewis Groat. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

**B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

**C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

ARC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither ARC, nor its management persons, has any relationship or arrangement with issuers of securities. See Item 10.C and 11.B.