

## **Item 1 Cover Page**

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Monday, July 9, 2018

## **FORM ADV PART 2A: THE BROCHURE**

This brochure provides information about the qualifications and business practices of Lloyd Tevis Investment Management, LLC. ("Lloyd Tevis Investments, LLC" or the "Adviser"), an investment adviser registered with the United States Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Such registration does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at the telephone number provided above or by email at [compliance@lloydtevis.com](mailto:compliance@lloydtevis.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Lloyd Tevis Investments, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure is for informational purposes only. It does not convey an offer of any type and is not intended to be, and should not be construed as, an offer to sell, or the solicitation of an offer to buy, any interest in any entity, investment, or investment vehicle.

**Item 2 Material Changes**

No material changes have been made to this brochure.

## **Item 3 Table of Content**

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## Item 4 Advisory Business

### OVERVIEW

Lloyd Tevis Investments, LLC is an investment adviser registered with and regulated by the SEC under the Advisers Act. Lloyd Tevis Investments, LLC operates an Internet-based investment advisory business that uses algorithms and other technological means for the provision of investment advisory services to individual investors. Lloyd Tevis Investments, LLC is a wholly-owned subsidiary of Archimedes Systems, which is private company. As used in this brochure, the term “the Adviser” refers to Lloyd Tevis Investments, LLC, except where the context otherwise requires.

The Adviser’s relationship with the client is governed by a service contract (“The Investment Management Agreement”), the firm’s privacy policy and the terms of use embedded in the Adviser’s web portal (collectively the “Governing Documents.”) This brochure provides a descriptive summary of this relationship. But in case of any ambiguity or conflict it is the relevant Governing document which is controlling.

The Adviser specializes in digital investment advisory services provided through its website. This service can be accessed by a web browser operating on desktop or mobile hardware.

The Adviser’s service aims to coordinate the client’s investments with their other assets so as to most effectively utilize their total economic resources. To this end the client supplies the Adviser with detailed comprehensive information regarding their assets, liabilities, spending goals and other objectives. The Adviser formulates an integrated investment and financial management strategy tailored to the client’s specific requirements. This strategy will contain recommendations for saving money, locating savings in specific accounts, picking specific investments for those accounts, timing and sizing spending decisions, selecting the sources of funding for such spending (including utilization of credit facilities and draw down of savings), selecting specific lots of investments held for liquidation and adjusting the investment of retained funds to maintain an appropriately diversified portfolio.

The Adviser evaluates the investment characteristics of assets (namely risk, return potential, liquidity, tax exposure and overall suitability) in terms of the asset’s contribution to the success of the overall plan and thus the achievement of the client’s ultimate objectives. This approach will lead to a different assessment of investment merit than if assets were evaluated on an isolated basis decoupled from any larger plan.

While the Adviser uses its best efforts and professional judgments to manage towards the client’s ultimate objectives, the Adviser in no way represents that such objectives will definitely be met. Adviser provides the client with the Adviser’s assessment of what goals can be met in different economic circumstances, but it is the client’s responsibility to define goals which are rational management targets in terms of the client’s life circumstances.

Adviser is rendering a professional service to client in managing the client’s investments, but Adviser is not committing capital either to co-invest with client or to guarantee the client’s results. Investing is an activity where, as a normal part of business, client’s funds will be exposed to loss and actual loss will occur from time to time. Those losses will be borne by the client and not shared with the Adviser. Similarly, the gains from investing – if any – will belong to the client and the Adviser will not participate in them.

In managing the client’s investments, the Advisor will employ a number of techniques, including but not limited to cash flow projections, risk analysis, tax analysis, portfolio optimization, tax loss harvesting and risk mitigation. However, these activities are not broken out as independent services and no incremental charges are levied for utilization of specific techniques.

Adviser’s recommendations to a client are specific to that client and are generally not appropriate for a different client. Adviser manages each client’s investments separately and not as part of a pool of funds or a common strategy. In addition, Adviser adjusts the client’s portfolio to be appropriate for the client’s current circumstances and objectives which will generally be different from the client’s circumstances and objectives in a prior period. The investment experience of one client will generally have little connection with or relevance for the experience of another client. In particular, past results achieved for one client will not be predictive of future results for a different client or even of the same client.

Adviser relies on information provided by the client regarding the client’s assets, liabilities, goals and circumstances. Adviser’s analysis assumes that information to be complete. It is the client’s responsibility to provide complete and accurate information. Provision of either incomplete or inaccurate information could harm the client’s interests.

Adviser and client enter into a relationship of mutual trust. Client shares with Adviser information of a private and confidential nature. Adviser undertakes to guard that information and to use it only for the client’s benefit. Similarly, the advisory relationship exposes to the client much of the Adviser’s technology and business practices. Client undertakes that its relationship is a bona fide one and that it is not using its access in a manner injurious to Adviser, as for instance engaging in

information collecting in aid of Adviser's commercial rivals, computer hacking or using Adviser's work product for a commercial enterprise.

Adviser offers its service at two service levels: Online service and Concierge service. The Online service is the Adviser's standard service. The Concierge service is provided for client's who have needs going beyond those provided for in the standard service. These service needs could be operational, advisory or circumstantial. Examples in the operational category could include clients who require substantial assistance in putting their financial records in order or who wish to delegate trading responsibilities to the Adviser. Examples in the advisory category would include clients who require advice beyond that provided in the online service, for instance estate planning or investment management for special needs trusts. Examples in the circumstantial category would include clients whose life circumstances are materially different from those assumed in the standard service, for instance clients with substantial investments in private equity or with dual nationality. It could also include situations where substantial coordination is required with other professionals employed by the client, as for instance tax accountants and legal advisers. The Concierge service is intended to provide a smooth transition for clients whose needs grow beyond those provided for in the standard service. As each situation in the Concierge service is unique, the Adviser's willingness to enter into the relationship is always conditional on the Adviser's assessment of its competencies and capacities. Whereas the Online service is conducted primarily through the Adviser's web portal, the Concierge service relies primarily on in person and telephone meetings. Pricing of the Concierge service is conditioned on the specific services rendered, but generally is at a premium to the standard service.

Adviser draws on the same set of economic models, analytic techniques and investment judgments in rendering the online service and the Concierge service. Participation in the concierge service does not give access to superior information or more timely service. Rather the Concierge service aims simply at the application of the same investment technology in more complex or specialized circumstances.

## Item 5 Fees and Compensation

### ADVISORY FEES

The adviser's compensation for providing services includes an annual account maintenance fee and an advisory fee. The account maintenance charge is \$100, levied when the client initiates the relationship with the adviser and thereafter charged on annual anniversaries. The advisory fee is a quarterly charge of 0.125% of investment assets. The precise definition of investment assets is given in the Investment Agreement, but it generally includes all public securities, investment products and cash held in investment accounts.

The annual maintenance charge is taken as a credit against the advisory fee. On investment assets of \$20,000 or less the maintenance fee will fully offset the advisory fee and so the cost of the service will be \$100 per year. On investment assets of \$1,000,000 the quarterly fee will be \$1,250.

The concierge service is charged at a premium rate. The annual account maintenance fee is \$750. The investment advisory fee commences at a base charge of 0.16% of investment assets per quarter plus such additional charges as may be warranted by the specific services rendered. These services will be described in a supplement to the Investment Advisory Agreement. The minimum charge is \$5,000 per year.

The Adviser deems its asset management fee to be fully earned on the first day of a quarter. The Adviser invoice at the beginning of the quarter and the charge goes past due at the end of the quarter. The Adviser normally ask you to provide a credit card or other payment account against which fees can be automatically debited. Clients may cancel the service at any time but remain responsible for any unpaid invoiced charges. No refunds or pro-rations are made for service cancellations occurring mid quarter.

The Adviser may, in its sole discretion, change its Management Fee or charge fees that differ from its standard Management Fee. From time to time, the Adviser may offer promotions in the form of Management Fee waivers where new or existing clients can receive some de Minimis reward or reduced Management Fee for a period of time. Such promotions may run indefinitely or for a limited period of time. The Adviser reserves the right, in its sole discretion, and to the extent required by applicable law, to waive or offset fees for clients.

### ACCOUNT TERMINATION

The Adviser may terminate a user's access to the online Service or access the Concierge Service if it believes the user or client is in breach of the Adviser's Governing Documents or other agreements with the user or client. The Adviser may also terminate a user's or client's access to the Online Service or the Concierge Service in the Adviser's sole discretion and without cause.

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

The Adviser does not charge performance-based advisory fees or receive incentive allocations. The Adviser's Management Fee is based on a fixed percentage of assets under management. The Adviser does not manage a proprietary fund in its own interest. However, employees of the Adviser may utilize its online or concierge services on the same terms as other clients. The Adviser does not advice or sub-advice on pooled investment vehicles, as for instance mutual funds.

## **Item 7 Types of Clients**

## Item 7 Types of Clients

The Adviser offers its advisory services to individuals.



## **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

The Adviser utilizes proprietary, automated, computer algorithms which are designed to minimize costs and expenses associated with investing and achieving certain diversification requirements and requirements under its Governing Documents. The Adviser employs a variety of methods and strategies to make investment decisions and recommendations. The Adviser primarily offers investment advice on the following types of securities or securities-linked investments: public equity and fixed income instruments including foreign and domestic securities and REITS as well as fund products holding such securities.

The Adviser's main sources of information for client account recommendations and transactions include data about securities and funds provided by third party data vendors and client portfolio information from the client themselves.

The Adviser's investment strategy assumes that the client's investment holdings are located in one or more investment accounts with possibly different ownership and tax qualities. The strategy assumes there are multiple spending objectives to be funded over different time horizons with some funding coming from investment assets and some from other assets. These objectives are divided into possibly multiple priority tranches. Adviser manages the total portfolio of assets to meet the consolidated funding and priority structure. This approach leads to more efficient utilization of investment assets as opposed to managing each account on a standalone basis for funding a single objective.

## **GENERAL RISK FACTORS**

The Adviser recommends to clients' portfolios which are exposed to a variety of risks. For discussion purposes these risks may be categorized as market risk, operational risk and event risk. Market risks embraces all the reasons for security prices to vary and for the value of portfolios of securities to fluctuate accordingly. Operational risk embraces all disruptions to the normal functioning of the financial system. Event risk describes extraordinary and unusual events of greater or lesser impact and scope.

The Adviser as part of its normal ongoing operations assesses the risk environment and takes steps to mitigate the adverse impacts of risks on the client's portfolio. Such monitoring and mitigation can never be fully successful however, and clients should expect its risk exposures to result in an investment experience which includes ongoing losses which from time to time are substantial.

### **Market Risk**

Market risk arises from the normal day to day fluctuation in the economy which manifests itself in a huge variety of specific ways. These include business cycle risk, interest rate risk, purchasing power risk, foreign currency exchange risk, credit risk (including prepayment risk, call risk, default risk and rating change risk) and equity market risk (which includes systematic, sector and company specific components.)

Adviser makes a systematic effort to measure, model and control for these types of risks. To this end it draws on a well-established body of econometric knowledge and practice. However, models are only a representation of reality and not reality itself. The gap between the representation and the reality is itself a source of risk known as model risk. At times model risk may be a significant source of risk in its own right.

The most important techniques for mitigating market risk include selecting risks and diversifying the portfolio. Risk exposures are selected based on assessment of which risks will do greater or lesser harm to the client's overall objectives when evaluated in the context of the client's particular investment horizon. For instance, clients with a long-time horizon investing primarily to fund living expenses in retirement have a high sensitivity to purchasing power risk and relatively low sensitivity to business cycle risk. By contrast, clients investing to fund near term well defined spending goals may have low concern about purchasing power risk but considerably greater sensitivity to foreign exchange risk and default risk. Whereas selection aims to avoid high impact risks, diversification aims to reduce the impact of risk. It does so by limiting the amount of the portfolio which is exposed to a risk of a given type. Some risks are highly diversifiable – meaning that this approach is effective at mitigating risk. Other risks, including particularly systematic risk, are subject to only partial mitigation through diversification.

Secondary techniques for market risk mitigation include hedging and risk management. Hedging seeks out securities which are expected to appreciate in value from risk events which would otherwise call the portfolio to depreciate in value. The utility of hedging as a technique is limited by the unavailability of appropriate instruments, an unreasonable cost to purchase such instruments or the uncertainty as to how much of a hedging instrument should be purchased to mitigate the risk. Hedging is a

portfolio technique which operates more or less automatically, Risk management by contrast is the technique of consciously varying risk exposures and levels in the portfolio in response to changing circumstances. This may be done either tactically, in

response to short term changes in the risk environment or strategically in response to long term changes. Given that trading is assumed to happen only with some definite lag, Adviser only employs strategic risk management as a mitigation technique in advised portfolios.

## **Operational Risk**

Operational risk refers to disruptions in the normal functioning of the financial system. These disruptions may be general in scope or limited to particular firms. Examples of general disruptions would be suspensions of currency convertibility, bank holidays, exchange closures and trading halts. Examples of limited disruptions would be suspensions of payments by a firm, freezing of accounts, record keeping delays in processing transactions and trading halts for news dissemination. Fundamental sources of such operational disruption occur from numerous sources, including financial (bankruptcy, panic, high volume trading,) physical (natural disasters, breaks in telephone lines) and social (war, terrorism, cybercrime.) Operational issues generally result in delay in placing transactions, closing transactions or collecting funds. As a secondary impact risk mitigation technique may break down or function poorly resulting in larger than anticipated risk exposures and losses. Delay can also cause problems with expenditure funding resulting in imposition of late charges, reduction in credit rating or loss of opportunity through inability to close a transaction.

Operational risks are mitigated by counterparty surveillance, situation monitoring and maintenance of cash reserves. Counterparty surveillance monitors the financial healthy and operational stability of firms with which one does business. Situation monitoring performs a similar function but at a more systemic level of organization. Thus, it seeks to assess the maturity and standards of care present in the sectors of the financial system with which one interacts. Such surveillance attempts to limit exposure to firms or markets deemed to manifest indicia of weakness. Unfortunately, sources of operational risk are often hidden from the view not only of outsiders but even of internal management. Similarly, market regulators – even with access to privileged information – can fail to appreciate the scope of operational problems in their domains of responsibility. Such surveillance, therefore, is never entirely successful. Reserve maintenance seeks to limit the impact of operational problems when they occur. Specifically, it seeks to maintain high quality sources of cash and credit which can be drawn on to meet essential funding needs at least on a short-term basis. Cash reserve maintenance does result in a long-term opportunity cost which reduces the attractiveness of this technique.

For counterparty surveillance and situation monitoring Adviser relies primarily on the work of others who are expert in this field (for instance credit rating agencies and market regulators.) With regard to the portfolios under management, Adviser performs its own analysis as to an appropriate cash reserve in view of the clients overall financial requirements.

## **Event Risk**

Event risk refers to single events of a generally abrupt and severe nature. Many events arise from the decisions of one or a small number of decision makers and thus may not be subject to anticipation by those not personally close to the decision maker. Examples of event risk include declarations of war, shifts in regulatory or legal policy, commencement or abandonment of corporate mergers, death or erratic behavior on the part of key personnel, and deliberate abandonment of safety practices with adverse outcomes. Natural disasters, as for instance earthquake and epidemics, can also constitute event risk. Small incidents of event risk may go unnoticed and thus uncorrected before a large incident occurs. A large incident may have devastating impact in some area of the economy which may be limited or broad depending on the type of event.

Event risk is by its nature hard or impossible to anticipate and thus not capable of direct mitigation. Adviser collects data regarding past instances of event risk and forms assessments as to the hazard rate for future event risk. Adviser considers this assessment as part of its adjustment of portfolio risk exposures. While Adviser has confidence in the appropriateness of this approach to event risk, Adviser also recognizes that one is here pressing up against the limits of reliable information and break downs in the adequacy of risk control may arise.

## **Combined Risk**

While three categories of risk have been recognized for discussion purposes, actual events may mix the three types together. Thus, a single event risk could trigger exceptional market volatility which in turn creates operational risks which induce a broader market panic and lead to a cascade of event and market risks spreading through a process sometimes described as “contagion.” In some cases, the result can be an economic debacle with impact extending over years or even occasionally decades. In such situations the realistic objective shifts to adaption and survival rather than maintenance of previously held objectives.

At a step below societal wide impact there may still be combinations of circumstances that prove locally devastating. Certain

situations commonly occur in the portfolios of individuals which from time to time create such severe impacts. For instance, one may hold large blocks of stock in one's employer and own a home in a community the health of whose economy is linked to that employer. An adverse event at that employer could then trigger a simultaneous loss of employability, shrinkage in one's

to that employment an adverse event at that employer could then trigger a simultaneous loss of employability, damage in one's portfolio and destruction of equity in one's home. Loss of home equity may then leave one without geographic mobility and thus an inability to recover employability. Adviser seeks to identify situations of concentrated or cross-linked risks and take appropriate risk mitigation steps. There is no assurance, however, that Adviser will successfully identify all such situations ahead of time. In addition, such situations can present a choice between incurring heavy costs through risk mitigation or remaining exposed to a rare but potentially massive opportunity for loss. Adviser may not make the optimal choice of alternatives in these complex situations.

### **General Caution**

The economy is in a constant state of evolution. As a result, new sources of risks may emerge and old sources of risk may experience important changes in behavior and impact. Risk management techniques are generally backward looking and can be surprised by such evolution in the economy.

In recent years, disruptions in the global financial markets, the scope and severity of which are unprecedented in recent financial history, have had materially adverse, and in certain cases catastrophic, consequences for the values, liquidity, and stability of certain types of investments, including the types of investments the Adviser's clients may pursue. Similar or dissimilar disruptions may occur in the future, and the duration, severity, and ultimate effect of such disruptions are difficult to forecast. These disruptions may lead to additional regulations or laws, which could have a material adverse effect on the Adviser and its clients.

With respect to both its Online Service and Concierge Service, the Adviser does not make any assurance that its recommendations will result in profitable investing or avoidance of loss. Investing in securities involves risk of loss that clients should understand and be prepared to bear. The Adviser makes no guarantee or representation that its investment recommendations will be successful. Investment performance can never be predicted or guaranteed and the value of each client's account will fluctuate due to market conditions and other factors. Past performance is no guarantee of future results.

### **GENERAL RISK FACTORS; RELIANCE ON CLIENT INFORMATION**

The Adviser's recommendations are highly reliant on the accuracy of the information provided to the Adviser by its clients and their custodians. If a client were to provide the Adviser with inaccurate or incomplete information, this could materially impact the quality and applicability of the Adviser's recommendations. In addition, the Adviser's recommendations are limited in scope to the questions the Adviser asks through the Adviser's website and the information that clients provide to the Adviser. There may be additional information or other financial circumstances not considered by the Adviser based on the questions asked at the time a client establishes their investment goals that would inform the investment advice and recommendations provided by the Adviser.

### **SPECIFIC CATEGORIES OF RISK**

#### **Commodity Security Risk**

The Adviser may recommend or invest client assets in funds that invest in commodities linked securities (i.e., commodity-based ETFs and ETNs). Negative changes in a commodity market could have an adverse impact on the value of commodity-linked investments including companies that are susceptible to fluctuations in commodity markets. The value and/or liquidity of commodity-linked investments may be affected by changes in overall market movements, taxation, terrorism, nationalization or expropriation, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as, weather (e.g., drought, flooding), livestock disease, embargoes, international trade, tariffs and international economic, political and regulatory developments. The prices of sector commodities (e.g., energy, metals, agriculture and livestock) may fluctuate widely due to factors such as changes in value, supply and demand and governmental regulatory policies.

#### **Currency Risk**

Certain segments of the strategies deployed by the Adviser may maintain material unhedged exposure, whether intentional or unintentional, to various market movements, and other sources of risk, whether known or unknown. Currency risk is

or unintentional, to various market movements, and other sources of risk, whether known or unknown. Currency risk is implicit in the Adviser's exposure to, without limitation, foreign bonds, foreign real estate, and foreign equity investments. Such sources of risk may include changes in current or future levels and/or volatility of interest rates, currency prices, commodity prices, sovereign credit spreads, corporate credit spreads, and equity and other markets, as well as correlations between any such risks. There can be no assurance that an investment of a portfolio managed by the Adviser would improve the risk/return profile of any client's or investor's overall portfolio or otherwise improve the performance of such portfolio, and such an investment may in fact result in material losses.

### **Cyber Security Risk**

With the increased use of technologies such as the Internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events include, but are not limited to, gaining unauthorized access to digital systems, misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

### **Debt Market Conditions**

The Adviser may recommend or invest client assets in funds that, in turn, invest in fixed-rate securities of varying maturities, including bonds or debentures issued by corporations, government agencies, and government-sponsored entities. In recent years, disruptions in debt markets have affected the price of, as well as clients' ability to make, certain types of investments, and there can be no assurance that these disruptions will not reoccur in the future. Any such disruptions may negatively affect a wide range of issuers and may increase the likelihood that such issuers will be unable to make principal and interest payments on, or refinance, outstanding debt when due. Moreover, the risk that such disruptions will affect an issuer's ability to pay its debts and obligations when due is enhanced if such issuer in turn provides credit to third parties or otherwise participates in the credit markets. In the event of a default by an issuer, the Adviser's clients could lose both capital invested in, and anticipated profits from, any affected investment. The reoccurrence of the events described in this paragraph, or other similar or dissimilar events, could have an adverse impact on the availability of credit to businesses generally and may lead to an overall weakening of the U.S. and other economies around the world. In addition, any disruptions of this kind may affect a client's ability to procure its own financing arrangements and/or the terms of any such arrangements.

### **Developed Country Risk**

The Adviser may recommend or invest client assets in funds that to track the investment results of indices composed of developed market equities. Investment in developed countries may subject a portfolio to regulatory, political, currency, security, demographic, and economic risk specific to developed countries. Developed countries may be impacted by changes to the economic health of certain key trading partners, regulatory burdens, debt burdens and the price or availability of certain commodities. Developed countries tend to represent a significant portion of the global economy and have generally experienced slower economic growth than some other countries or regions.

### **Equity Risk**

The Adviser may recommend or invest client assets in funds that, in turn, track the returns of broad-based equity indices. Equity securities are subject to changes in value and their values may be more volatile than other asset classes. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and the industry in which the issuer's securities are subject to market risk. Historically, U.S. and non-U.S. stock markets have experienced periods of substantial price volatility and may do so again in the future.

The Adviser may invest in certain mutual funds and exchange-traded products ("ETPs"), including, but not limited to, registered investment companies such as ETFs. Investments in an ETP are subject to the fees and expenses of the ETP, which may include a management fee, other fund expenses and a distribution fee. The Investment Company Act of 1940, as amended, (the "Company Act") places certain restrictions on the percentage of ownership that a private investment fund may have in a registered investment company. A client's positions in ETPs are subject to a number of risks associated with the management and market conditions of the ETP. These include (but are not limited to:

- (i) Delisting—An ETP may be delisted and liquidated at the discretion of its issuer. Should a client of the Adviser hold a position in an ETP when it is delisted, such client may be subject to costs associated with the ETP's liquidation, counterparty risk against the issuer, and additional taxes due to cash distributions from the liquidation

(ii) **Market Maker Instability**—The supply and demand of ETP shares are kept in balance by its authorized participants. The authorized participants of an ETP may, purposefully or by mistake, destabilize the supply-demand balance of an ETP, causing tracking error of the ETP to its constituent instruments that may negatively affect the value of an entity's position in the ETP.

(iii) **Hidden Illiquidity**—the liquidity of an ETP is determined not only by the ETP's own market liquidity but how easy or difficult it is to transact in the ETP's constituent instruments. If one or more of an ETP's constituent instruments becomes difficult to buy or sell, the ETP may become difficult to transact or experience tracking error that negatively affects the value of positions held in the ETP. Trading volume and liquidity may vary and may affect the ability to buy or sell ETP shares or cause the market price of ETP shares to experience significant premiums or discounts relative to value of the assets underlying the shares.

### **Fixed Income Security Risk**

The Adviser may recommend or invest client assets in ETFs that, in turn, invest in fixed income investments that are subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of such instruments tends to decrease. Conversely, as interest rates fall, the market value of such instruments tends to increase. This risk will typically be greater for instruments based on longer-term interest rates than for instruments based on shorter-term interest rates.

### **Emerging Market Fixed Income Security Risk**

The Adviser may also recommend or invest client assets in emerging market fixed income securities. Evaluating credit risk for non-U.S. fixed income securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Because investors generally perceive that there are greater risks associated with such emerging market instruments, the yields or prices of such fixed income securities may tend to fluctuate more than those for higher-rated fixed income securities.

### **Income Risk**

A portfolio's income may decline when interest rates decrease. During periods of falling interest rates an issuer may be able to repay principal prior to the security's maturity ("prepayment"), causing the portfolio to have to reinvest in securities with a lower yield, resulting in a decline in the portfolio's income.

### **Index Related Risk**

Index strategies are passively managed and do not take defensive positions in declining markets. The investment objective is to achieve investment results, before fees and expenses that correspond generally to the total return performance, of a particular index ("Underlying Index"). There is no guarantee that a portfolio managed to an index strategy ("index portfolio") will achieve a high degree of correlation to its Underlying Index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the index portfolio's ability to adjust its exposure to the required levels in order to track its Underlying Index. Errors in index data, index computations and/or the construction of the Underlying Index in accordance with its methodology occur from time to time without being identified and corrected for a period of time or at all, which may have an adverse impact on a portfolio manager to the index. The adviser does not provide any warranty or guarantee against index providers' errors. The index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices, and does not guarantee that the index will be in line with its described index methodology. Errors and rebalances carried out by the index provider to the Underlying Index could increase the costs and market exposure risk of a portfolio.

### **Interest Rate Risk**

The Adviser's investments on behalf of clients and methods may be subject to interest rate risk in connection with its investments in debt securities. Generally, the value of debt securities will change inversely with changes in interest rates. As

interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for short-term securities. Interest rate risks may include the directional movement in interest rates, correlation of rates, volatilities of interest rates.

### **International Investment Risk**

The Adviser may recommend or invest client assets in funds that, in turn, invest in markets and/or issuers domiciled or operating outside the U.S., including in certain developing or emerging markets. International investing and trading involve special risks not typically associated with trading in investments relating to markets and/or issuers solely in the U.S. Depending on the particular countries and investments involved and on the nature of the particular transactions executed outside of the U.S., these special risks may include changes in exchange rates and exchange control regulations; downgrades in sovereign credit ratings; devaluations or non-convertibility of non-U.S. currencies; failures or disruptions in central banks, banking systems, markets, or financial exchanges; changes in monetary policies, interest rates, or interest-rate policies; political, social, and economic instability; adverse diplomatic developments; investment and repatriation restrictions; the nationalization and/or expropriation of assets; government intervention in the private sector; default by public and private issuers on their financial obligations (and limited recourse in connection with such defaults); the imposition of non-U.S. taxes; discrimination against foreign investors; and less liquid markets, less information, higher transaction costs, less information regarding legal and regulatory risks, less uniform accounting and auditing standards, greater price volatility, less reliable clearance and settlement procedures, and/or less government supervision of exchanges, brokers, market intermediaries, issuers, and other markets and market participants than is generally the case in the U.S.

Further, individual non-U.S. economies may differ favorably or unfavorably from the U.S. economy in various respects, such as pace of economic growth, rate of inflation, amount of capital reinvestment, degree of resource self-sufficiency, and balance of payments position. For example, inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the Adviser may invest and may therefore have a material adverse effect on the Adviser's investment methods.

The foregoing risks are likely to be more pronounced in connection with investments in countries with developing or emerging markets.

### **Real Estate Security Risk**

The Adviser may recommend or invest client assets in REITs and other real estate related securities or indices that are subject to the risks incident to the ownership and operation of real estate generally. Some of the risks associated with investments in real estate and/or related derivatives are declines in the value of real estate, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighborhood values and the appeal of properties to tenants and changes in interest rates.

### **Limits to Diversification and Time Varying Correlations**

The portfolios of the Adviser's clients may be concentrated in particular countries, industries, exchanges, strategies, types of investments, issuers, companies, or other shared characteristics. Any such concentration would magnify risks associated with the investments held in such portfolios, including the risk of significant losses. In general, less diversification will tend to expose the applicable client to greater volatility and/or risk than would be the case with a more broadly diversified portfolio. Even if a particular client's portfolio were diversified, however, there can be no assurance that such diversification would reduce volatility or risk. Portfolios managed by the Adviser may achieve returns that are not correlated with various market indices or the returns of other investment vehicles. Further, it is anticipated that certain investments made by the Adviser will experience returns that individually or in the aggregate are correlated (possibly highly) with various market indices or other strategies, including various equity, debt, or other markets around the world.

Moreover, certain of the strategies deployed by the Adviser may maintain unhedged exposure, whether intentional or unintentional, to various market movements, style factors, and other sources of risk, whether known or unknown, while other strategies deployed on behalf of a client may have such unhedged exposures from time to time. Such sources of risk may include changes in current or future levels and/or volatility of interest rates, currency prices, commodity prices, sovereign credit spreads, corporate credit spreads, and equity and other markets, as well as correlations between any such risks. There

can be no assurance that an investment of a portfolio managed by the Adviser would improve the risk/return profile of any client's or investor's overall portfolio or otherwise improve the performance of such portfolio, and such an investment may in fact result in material losses.

### **Reliance on Data**



The Adviser's methods are highly reliant on data from third-party and other external sources. The Adviser will use its discretion to determine what data to gather with respect to any strategy or method, which may have an impact on trading decisions. In addition, due to the automated nature of such data gathering and the fact that much of this data comes from third-party sources, not all desired and/or relevant data will be available to, or processed by, the Adviser at all times. There is no guarantee that any specific data or type of data will be utilized in generating or making investment decisions on behalf of the clients, nor is there any guarantee that the data actually utilized in making investment decisions on behalf of clients will be (i) the most accurate data available or (ii) free of errors.

### **Reliance of Technology and Procedures**

The Adviser's investment activities and investment strategies are dependent upon various computer and telecommunications technologies, many of which are provided by or are dependent upon third parties such as data feed, data center, telecommunications, or utility providers. The successful deployment, implementation, and/or operation of such activities and strategies, and various other critical activities of the Adviser on behalf of its clients, could be severely compromised by system or component failure, telecommunications failure, power loss, a software-related "system crash," unauthorized system access or use (such as "hacking"), computer viruses and similar programs, fire or water damage, human errors in using or accessing relevant systems, or various other events or circumstances. Such events or circumstances may affect the Adviser directly and/or may affect one or more third parties that provide services to the Adviser and/or its clients.

It is not possible to provide comprehensive and foolproof protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. Any event that interrupts such computer and/or telecommunications systems or operations could have a material adverse effect on the Adviser's clients, including by preventing the Adviser from trading, modifying, liquidating, and/or monitoring its clients' investments. Moreover, any unauthorized access to the information systems of the Adviser or certain third parties could result in the loss, disclosure, or improper use of information relating to investments and/or personally identifiable information of the Adviser's clients; any such loss, disclosure, or use could have a material adverse effect on such clients or investors.

The Adviser maintains back-up electronic books and records at a third-party disaster recovery site, which is a fully operational data center facility. In the case of events that interrupt the Adviser's computer and/or telecommunications systems or operations, the Adviser hopes to resume trading, modifying, liquidating, and/or monitoring its clients' investments relatively promptly, subject to any circumstances that are outside the control of the Adviser. In the case of severe business disruptions (e. g., regional power outage or loss of personnel), the Adviser may not resume such activities for one or more business days because (among other things) such resumption is dependent on other critical business constituents, such as brokers and exchanges, and on the nature of the disruption. Although the foregoing reflects the Adviser's objectives, designs, and/or plans, no assurance can be given that these objectives, designs, and/or plans will be realized, or that, in particular, the Adviser would be able to resume operations following a business disruption. Although the foregoing reflects the Adviser's objectives, designs, and/or plans, no assurance can be given that these objectives, designs, and/or plans will be realized, or that, in particular, the Adviser would be able to resume operations following a business disruption, and any such disruption could have a material adverse effect on the Adviser's clients.

### **Regulatory Risk**

It is possible that changes in applicable laws and regulations may affect the Adviser's operations. In addition, a number of substantial regulatory changes are pending or in the process of changing in certain markets. However, the consequences of additional regulation on the liquidity and the functioning of the markets in which the Adviser trades cannot be predicted and may materially diminish the profitability of client investments.

### **Tax Risk**

With respect to Concierge Service, the Adviser's methods for achieving tax efficient asset placement are only one of many methods that may comprise an individual's tax management plan. Clients should obtain tax advice, which advice is outside the scope of the services the Adviser provides and may be necessary to minimize the impact of tax liabilities a client could incur. The tax-efficient investment strategies that the Adviser may recommend may not be the most tax-efficient or the most

incur. The tax-efficient investment strategies that the Adviser recommends or implements do not comprise a comprehensive tax management plan, are not intended to be tax advice, and the Adviser does not represent that any particular tax consequences will be obtained. Clients should consult with their personal tax advisors regarding the tax consequences of investing.

### **Volatility Risk**

The performance of investment strategies the Adviser deploys on behalf of its clients may be volatile (both in absolute terms and relative to realized returns), potentially resulting in increased risks, including the risk of losses. Such strategies may have volatility, a greater chance of losses or negative returns, lower average returns, correlation with certain macroeconomic risk factors, asset class concentrations, and/or other significant risks, whether in absolute terms, relative to expected returns, or relative to certain other strategies that are deployed by the Adviser on behalf of other clients.

## **Item 9 Disciplinary Information**

There are no adverse disciplinary events affecting the Adviser that would be deemed material to a client's decision to use the Adviser's investment advisory services.



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

The Adviser has no other Financial Industry Activities and Affiliations.

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

