

**Item 1 – Cover Page**

**ADOS INC.**

**135 East 57th Street  
New York, New York 10022**

**(212) 542-4444**

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

**March 25, 2019**

This Brochure provides information about the qualifications and business practices of ADOS INC. You should review this Brochure in conjunction with the Brochure supplement for certain employees who advise your account for more information on the qualifications of ADOS and its employees. Information herein is provided in response to instructions and guidance issued in connection with Form ADV Part 2A. You should refer to those materials, including its defined terms, in reviewing this Brochure. If you have any questions about the contents of this Brochure, please contact us at (212) 542-4444. 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. Registration of an investment adviser does not imply any level of skill or training.

Additional information about ADOS also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 2. MATERIAL CHANGES**

There are no material changes to ADOS initial September 14, 2018 Brochure.

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## ITEM 4. ADVISORY BUSINESS

### The Adviser

ADOS INC. (the “Adviser”) is an investment adviser organized as a corporation under the laws of the State of Delaware on March 15, 2018. Adviser’s principal owner is ADOS LLC.

### Advisory Services

The Adviser will provide investment advice on a discretionary basis to users of the smartphone and browser based ADOS Application (App). The App provides users an integrated platform to access brokerage investment options and cash management from their smart phone or web-based browser. After initial qualification and opening deposit via ACH from a U.S. Bank, the App user (“Client”) may select one of three investment options (“Investment Options”) targeting three specified return rates (for example at a particular time 1.5% 2.5% or 3.5%) based on ETF investments or may specify a fourth option for a direct investment in Treasury Bills (“Portfolio”). The user may also select to retain uninvested cash on deposit for immediate availability via debit card. Adviser reserves the right based on user experience and feedback to modify and increase the number of Investment Options.

The Adviser’s services will consist of offering and implementing investment strategies that implement each Client’s chosen Portfolio targets. Services will be provided in accordance with the investment advisory agreement that will be entered into with each Client as part of the App (the “Advisory Agreement”).

Adviser will manage each Client’s Portfolio according to their then current Investment Option allocation.

The Adviser will identify and execute investment strategies by utilizing a four-step process consisting of portfolio design, execution, reporting and reassessment.

*Client Investment Profiling.* The Client selects their profile via the App based on their own evaluation of their own financial situation, financial objectives, risk tolerance and financial sophistication. Advisor manages each Client portfolio based solely upon the Client’s selected profile, with no Adviser assessment of Client selections or Client financial situation, financial objectives, risk tolerance or financial sophistication. Advisor will consider and act upon the profile Client selected on the App, and Client updates to the profile on the App after sufficient time has passed for Advisor to process and act upon the updates. Updates are expected to consist of Client modifications to the percentage allocation between one of the three available Portfolio Investment Options and available cash.

*Portfolio Design.* Advisor will perform research on available securities and design a Portfolio for the Client based on their chosen Investment Options maximizing risk-return based on portfolio diversification, efficient frontier and volatility management strategies. The design for each of the Investment Options will consist of a uniform design suitable for a broad class of investors.

*Execution.* The Adviser account available to each Client (the “Account”) will be a discretionary account that gives the Adviser full discretionary investment authority to execute the investment strategy for Client Portfolio in that Client’s Account based upon the percentages chosen. Each Client’s Portfolio is maintained and managed in that Client’s individual account, not on a collective basis with other Clients.

*Reporting and Reassessment.* The Adviser will monitor each Client’s Portfolio continuously to assess performance and consistency with each Client’s allocation among the three Investment Options. A Client’s Account will consist of a brokerage account at Adviser’s affiliate broker which has an electronic interface with the ADOS App for the presentation of summary account information such as balances and

percentage Investment Option and cash allocations via the App. The App also will make account statements and other brokerage account information available to Client electronically. Clients are urged to compare brokerage account statements to account information furnished by Adviser via the App and promptly alert Adviser in the event of any discrepancy.

*Cash Availability.* The only amounts available to Clients for withdrawal will be uninvested cash that Client elected via the App already on deposit. Portfolio investments will not be available for withdrawal. Clients wishing to withdraw more than uninvested cash must change their percentage allocations via the App to increase uninvested cash and decrease Portfolio investments. This ordinarily will result in a sale order processed the following day for the liquidation at market prices of the chosen portion of the Portfolio with proceeds of the sale received another two days after that for a delay of at least three business days. Other delays may occur. Adviser does not accept any responsibility for any delays in cash availability. Clients wishing access to cash for withdrawal invested in the Portfolio should allow at least five business days for processing.

## **ITEM 5. FEES AND COMPENSATION**

Consistent with its electronic App-based advice model the Adviser charges all clients the same fees, set forth in the Advisory Agreement.

### **Management Fee**

Adviser Management Fee consists of two elements: (1) management fee of a percentage of total assets (currently 0.25%, subject to change per Advisory Agreement); (2) a credit interest payment earned on uninvested cash. The credit interest payment is not deducted from client's account, but rather, is a paid by broker's clearing firm based on total credit balances in Client's account. Broker remits a portion of the credit interest payment to Adviser under a service agreement. Under the App Client chooses percentage of portfolio to remain in readily available uninvested cash.

Adviser generally keeps Client portfolios fully invested, but from time to time may keep a portion of investable assets in cash due to trade settlement delays and normal operations. This creates a potential conflict of interest because Adviser earns fees on uninvested cash. Adviser does not believe this potential conflict is significant because almost all fees will be earned on the cash each Client elects to maintain uninvested for immediate withdrawal. Adviser will address any potential conflict by monitoring uninvested Portfolio cash.

ADOS achieves this low-cost solution by providing specified advice and processing electronically via the App using a paperless platform integrated with a single brokerage/ clearing firm platform. Paper delivery is not available. Potential clients should consider their financial situation wants and needs carefully before choosing the App. If potential clients want old fashioned paper delivery, face to face meetings, telephone or more customized advice, then ADOS is not for you.

Fees are not negotiable. The Adviser does not participate in wrap fee programs in the client's account.

### **Other Expenses**

Each Client bears its own expenses, including but not limited to brokerage and transactional fees, taxes, custody fees, legal and accounting expenses and administrative fees. These fees include embedded fees and expenses resulting from investments in exchange traded funds. These expenses do not include brokerage commissions or mark-ups for the sale of securities or other investment products. Please refer to the discussion of the Adviser's brokerage practices in Item 12 below.

## **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Adviser and its supervised persons will not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Management fees will be calculated as described above in Fees and Compensation.

## **ITEM 7. TYPES OF CLIENTS**

Clients will consist of individuals tax resident in the United States who use the App.

## **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis and Investment Strategies**

Based upon the options chosen by client under the client portfolio assets are primarily invested in fixed income through investments in Exchange Traded Funds, cash and cash equivalents.

Advisor offers Client four Investment Options (“Investment Options”) that seek to generate estimated returns then reflected in the App for each option with increasing risk and return profiles:

- Option 1 - This is the lowest risk ETF option with investments in Exchange Traded Funds with underlying investments such as short duration treasuries and FDIC insured certificate of deposits. The risk of loss of principal due to default is very low due to government guarantees of these instruments, and due to changes in the market price of instruments caused by interest fluctuations is very low due to the short-term duration of instruments and ability to hold underlying investments to maturity under most circumstances.
- Option 2 - This is a somewhat higher risk ETF option with investments in Exchange Traded Funds with underlying investments such as longer duration treasuries, high grade corporate exchange traded funds, longer duration FDIC insured certificate of deposits. The risk of loss of principal due to default is low due to a combination of government guarantees on part of the portfolio and high-grade investments unlikely to default in the balance of the portfolio, and due to somewhat longer but still short-term duration of instruments and ability to hold underlying instruments to maturity under most circumstances.
- Option 3 - This is the highest risk ETF option with investments in Exchange Traded Funds with underlying investments such as short to medium-term investment grade blue chip United States Corporate bonds. The risk of loss is still low relative to most investments due to high liquidity and low volatility of the underlying instruments combined with the reliability of high credit ratings.
- Option 4 – This is a separate fixed income option with direct investment in a Treasury Bill. This is the lowest return lowest risk investment option as a direct obligation of the United States government.

Client will choose one of the Investment Options and allocate funds to that Option. Advisor will invest Client funds in Client’s account according to the Client allocation selected in the App by investing according to the described Option parameters which may change at any time.

Even the most conservative investment portfolios, including very low risk investments, can lose value (including loss of principal). Exchange Traded Funds (ETFs) are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in fixed income investments. For further information please read **Investment Risks** below.

When accessed through the App these four Options will be identified by their type and then approximate target returns. For example, Option 1 may be designated 1.5% ETF, Option 2 designated 2.5% ETF and Option 3 designated 3.5% ETF to reflect approximate contemporaneous target returns of 1.5% 2.5% and 3.5% and Option 4 may be designated Direct Treasury with a duration and return specified by the treasury bill offered. Adviser may modify these descriptions and targets at any time and add additional and different targets at any time. Adviser will from time to time update the targets in the App to more closely reflect then contemporaneous target returns. Actual returns will vary either higher or lower than the Investment Option designation depending upon market rates and conditions. Adviser in no way implies or guarantees Client returns will meet the designated target and emphasizes that returns are expected to vary from these targets.

In a rising interest rate environment, the target interest rates of portfolios may rise and the differential between the highest and lowest interest rates may decrease (flatten out). In a falling interest rate environment, the opposite may occur: target interest rates of portfolios may fall and the differential between the highest and lowest interest rates may increase.

Adviser will implement strategies to achieve these objectives with higher returns generally consistent with higher risk of loss. The example investments described above for each of Investment Options are for illustrative purposes only. Actual investments will vary. Adviser also may add additional and different Investment Options and different Investment Option descriptions at any time.

### Investment Strategy

Adviser will invest Client assets in Exchange Traded Funds holding debt securities and in debt securities. These may be any type of debt securities, including, for example, corporate debt securities, securities issued or guaranteed by sovereign governments, their agencies, or instrumentalities (including securities issued by the U.S. Government, the Government National Mortgage Association, Federal Home Loan Banks, Fannie Mae, and Freddie Mac) and mortgage-backed securities (including collateralized mortgage obligations). Factors considered in investing in ETFs verses mutual funds or stocks and bonds include lower cost management fees, low fixed transaction costs, transparency, flexibility, convenience, tax efficient and instant pricing.

Clients may choose to the Treasury Bill option verses ETF options because of low risk and no embedded ETF fees.

The assets may be invested in securities of any maturity, but each Account will normally be maintained at a dollar-weighted average portfolio duration of 10 years or less.

The assets will be principally invested in “investment grade” securities at the time of purchase, meaning either that a nationally recognized statistical rating organization (for example, Moody’s Investor Service, Inc., Standard & Poor’s Rating Service, or Fitch Investors Service, Inc.) has rated the securities Baa3 or BBB- (or the equivalent) or better, or Adviser has determined the securities to be of comparable quality.

Normally, assets will be allocated among issuers, types of securities, industries, interest rates, and geographical regions. Adviser will make top-down investment allocation decisions.

## **Investment Risks**

Investments will be made on behalf of Clients using strategies and financial techniques with risk, including the risk that the entire amount invested may be lost. No guarantee will be made that a Client's investment objectives will be realized. Below is a list of potential investment risk factors. There is no guarantee that this is a complete list of the risks, that the Adviser will be able to control investment risks or that the risks will not aggregate in a manner adverse to Accounts. Additional risks associated with investments made in Accounts may be disclosed in Advisory Agreements.

The risks associated with particular investments in an Account include, but are not limited to, the following:

*Financial Market Fluctuations.* General fluctuations in the market prices of securities may affect the value of the investments held by Accounts. Instability in the securities markets will also likely increase the risks inherent in an Account's investments. There is no guarantee that ordinary and prudent precautions for natural and other disasters will provide an effective connection between the Adviser and markets in the event of large-scale disruptions in the United States or other countries.

*Interest Rate Fluctuations.* Debt securities are subject to price volatility due to interest rate sensitivity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. Interest rate fluctuations can result in the loss of principal invested in a Client's Portfolio.

*Lack of Liquidity in Markets.* The markets for many securities and other investments are thinly traded from time to time. This lack of liquidity and market depth could disadvantage an Account, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Also, domestic and international securities exchanges and the SEC and other regulatory authorities have authority to suspend trading in a particular security without notice.

*Concentration of Investments.* An Account's assets may not be diversified. Any such non-diversification would increase the risk of loss to an Account if there was a decline in the market value of any security or sector in which a large percentage of an Account has been invested. Investment in a non-diversified Account will generally entail greater risks than investments in a diversified Account.

*Market Disruption and Geopolitical Risk.* An Account is subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of an Account's investments. War, terrorism, and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and non-U.S. economies and markets generally. Those events as well as other changes in U.S. and non-U.S. economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of an Account's investments. At such times, an Account's exposure to a number of other risks described elsewhere in this section can increase.

*Portfolio Turnover.* There is no limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Adviser, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce an Account's investment gains, or create a loss for investors and may result in taxable costs for investors depending on the tax provisions applicable to such investors.



*Cash and Other Investments.* All or part of the assets may be invested in cash or cash items, pending other investments. These cash items must be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by Adviser. An Account may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they may produce lower than expected returns, and could result in losses. Investments in cash items and money market funds may also provide less liquidity than anticipated by an Account at the time of investment.

*Custodial Risk.* Apex Clearing Corporation ("clearing firm") will have custody of the securities, cash, distributions and rights accruing to an Account. SEC rules require the clearing firm to maintain physical possession and control of fully paid securities held in Accounts and to establish certain reserves for the benefit of customers. However, subject to these limitations, the clearing firm generally can loan, pledge, and rehypothecate the securities in an Account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of an insolvency of the clearing firm. In such an event, a Client would typically not have a right to recover its securities held by clearing firm, but would rather have only an unsecured claim against the clearing firm and participate pro rata with other customers of clearing firm in the proceeds of the sale of customer securities. Also, even if clearing firm does have sufficient assets to meet all customer claims, there could be a delay before an Account receives assets to satisfy its claims.

Clearing firm may hold an Account's securities through third parties such as clearing corporations, other brokers or banks. As a result, an Account may be subject to credit risk with respect to such third parties as well as with respect to clearing firm.

*Exchange Traded Funds.* ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs are subject to management fees and other expenses. Unlike mutual funds, ETF shares are bought and sold at market price, which may be higher or lower than their NAV, and are not individually redeemed from the fund. ETF fees and expenses can adversely impact their market price. In general, fixed Income ETFs carry risks similar to bonds, including interest rate risk (as interest rates rise bond prices usually fall, and vice versa), issuer or counterparty default risk, issuer credit risk, inflation risk and call risk. Unlike individual bonds, many fixed income ETFs do not have a maturity date, so a strategy of holding a fixed income security until maturity to try to avoid losses associated with bond price volatility is not possible with those types of ETFs. Certain fixed income ETFs may invest in lower quality debt securities that involve greater risk of default or price changes due to potential changes in the credit quality of the issuer.

### Risks of Debt Securities

In addition to the above risks, the risks associated with particular investments in an Account include, but are not limited to, the following:

*Fixed-Income Securities.* The assets may be invested in bonds or other fixed-income securities, including, without limitation, commercial paper and higher yielding (and, therefore, higher risk) debt securities. Such securities may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to make timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions

than are higher rated securities. Companies that issue lower rated debt securities often are highly leveraged and may not have access to more traditional methods of financing. Trading in such securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could affect adversely the ability of the issuers of such securities to repay principal and pay interest thereon and, therefore, increase the incidence of default for such securities. Fixed income securities with prepayment provisions also may be subject to prepayment risk, with the exercise of prepayment rights during periods of declining spreads causing the prepayment proceeds to be reinvested in lower-yielding investments. Debt securities issued by governments also may be subject to risks of inability to pay, credit downgrades, volatility and default.

*Corporate Debt.* Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

*Credit risk.* If you have ever loaned money to someone, chances are you gave some thought to the likelihood of being repaid. Some loans are riskier than others. The same is true when you invest in bonds. You are taking a risk that the issuer's promise to repay principal and pay interest on the agreed upon dates and terms will be upheld.

*Inflation risk.* Inflation risk is the risk that the yield on a bond will not keep pace with purchasing power (in fact, another name for inflation risk is purchasing power risk). For instance, if you buy a five-year bond in which you can realize a coupon rate of 5 percent, but the rate of inflation is 8 percent, the purchasing power of your bond interest has declined.

*Zero-Coupon and Deferred Interest Rate Bonds.* The assets may be invested in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

*Bank Loans.* Risks associated with bank loans include (i) the fact that prepayments may occur at any time without premium or penalty and that the exercise of prepayment rights during periods of declining spreads could cause the prepayment proceeds to be reinvested in lower-yielding investments; (ii) the borrower's inability to meet principal and interest payments and interest payments on its obligations (i.e., credit risk); and (iii) price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the borrower and general market liquidity (i.e., market risk). If bank loans become nonperforming, the loans may require substantial workout negotiations or restructuring that may result in, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of the loan. These same risks also apply to fixed income securities and corporate debt.

#### *Other Possible Risks*

There is no assurance that the above list is complete or that there are no other risks that may exist now or may arise in the future.

## **ITEM 9. DISCIPLINARY INFORMATION**

Item 9 is not applicable to the Adviser, as it has no reportable material legal or disciplinary events.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Related Broker-Dealers**

Avanza Capital Markets, Inc. (CRD No. 103941), an entity under common control with the Adviser, is a broker-dealer registered with the SEC (“Avanza”), regulated by FINRA and member SIPC.

Execution of transactions for the Adviser’s Clients and custody of assets will be provided by Avanza. Avanza senior officers, who receive salaries from Avanza, also serve as senior officers of Advisor. Avanza will not receive brokerage commissions or mark ups for its brokerage services to Clients. Clients will be responsible for fees and expenses of Avanza and its clearing firm.

For a description of material conflicts of interest created by the Adviser’s relationship with the Avanza, as well as a description of how such conflicts are handled, please see Items 11 and 12 below.

ACM Bermuda Ltd. (BMA Reg. No. 47910), an entity under common control with the Adviser, is a licensed investment business regulated by the Bermuda Monetary Authority.

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

### **Code of Ethics and Personal Trading**

The Adviser has adopted a Code of Ethics (the “Code of Ethics”) that states that it is generally improper for the Adviser or employees or certain other persons covered by the Code of Ethics (collectively, “Adviser Personnel”) to use for their own benefit (or the benefit of anyone other than a Client) information about the Adviser’s trading or investment recommendations for a Client or take advantage of investment opportunities that would otherwise be available for a Client. The Code of Ethics requires all Adviser Personnel to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”) and all other applicable U.S. federal securities laws at all times. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. It is the express policy that no Adviser Personnel shall use for their own benefit the Adviser’s trading or investment recommendations for Clients or take advantage of investment opportunities that would otherwise be available for Clients.

The Code of Ethics outlines written policies regarding personal trading in any brokerage or trading account in which Adviser Personnel, or any member of such Adviser Personnel’s immediate family, has any direct or indirect control or beneficial ownership. Adviser Personnel will be required to disclose personal account holdings to the Adviser upon employment. Adviser Personnel will be required to provide certain quarterly and annual securities holdings reports and, subject to certain exemptions, employees of the Adviser will be required to provide the Adviser with duplicate copies of account statements.

The Code of Ethics requires the Chief Compliance Officer to regularly monitor all trading activity in personal accounts to determine whether all personal trading activity in its Adviser Personnel’s accounts are consistent with the requirements set forth in the Code of Ethics and does not otherwise indicate any improper trading activities. To supervise compliance with its Code of Ethics, the Adviser will require that

anyone associated with its advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the Chief Financial Officer. Adviser Personnel will be required to immediately report any violation of the Adviser's personal trading policies to the Chief Compliance Officer. Adviser Personnel who violate the Code of Ethics will be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel will be required to annually certify compliance with the Code of Ethics.

This summary of the Code of Ethics is qualified in its entirety by the Code of Ethics of the Adviser, which will be available to Clients and prospective Clients upon written request to Dennis Dumas, Chief Compliance Officer at ADOS, 135 East 57<sup>th</sup> Street, New York, NY 10022.

### **Conflicts of Interest**

The material reportable conflicts of interest encountered by a Client include those discussed below, although the discussion does not necessarily describe all of the conflicts that may be faced by a Client. Other conflicts may be disclosed throughout this Brochure and in the Advisory Agreements and these materials should be read in their entirety. The Adviser has adopted policies and procedures to address and mitigate conflicts of interest, including those described below.

#### *Execution and Custody by Affiliates.*

As noted in 10 above execution of transactions for the Adviser's Clients and custody of their assets will be provided by Avanza Capital Markets, Inc. Advisor has addressed and mitigated conflicts of interests arising from this relationship by arranging that Avanza will not charge brokerage commissions or mark-ups for executing transactions. As described in 5 above Avanza will receive credit interest payments on uninvested cash and remit a portion of this rebate to Advisor.

#### *Transactions with Affiliates.*

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and Clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a Client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to Clients of the terms of the proposed transaction and obtain a Client's consent to the transaction. In connection with the Accounts, the Adviser and its affiliates will not engage in principal transactions.

Avanza Capital Markets, Inc. will not act as a broker for a Client on one side and a Client for whom Advisor does not act as investment adviser on the other side of the securities transaction. Such "agency cross" transactions will not be permitted in conformity with Rule 206(3)-2 of the Advisers Act. See Item 12, Brokerage Practices, below for a discussion of the relationship between Avanza Capital Markets, Inc. and Adviser.

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made in the Adviser's sole discretion unless otherwise required by the terms of its agreements with Clients. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Clients with respect to the immediate issue and/or with respect to their longer term courses of dealing. In some cases, the various conflicts that may arise in connection with the investment of assets may be conflicts for affiliates of the Adviser as well and may be resolved by such affiliates and not the Adviser.

*Personal Trading.* The Adviser maintains compliance policies and procedures, including personal trading policies, which are designed to reduce potential conflicts of interest (see "Code of Ethics" above).

## **ITEM 12. BROKERAGE PRACTICES**

Please see Item 10, above, for a discussion of Avanza's role as broker-dealer with respect to Clients.

### **Brokerage Policy and Procedures**

It is the Adviser's policy, in placing each transaction for a Client, to seek "best execution." "Best execution" means obtaining for a Client the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), considering the circumstances of the transaction and the reputation and reliability of the executing broker or dealer. The Adviser is not obligated to obtain the lowest possible commission cost, but rather, will determine whether the transaction represents the best qualitative execution for clients. Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge will be appropriate if the difference in cost is reasonably justified by the quality of the service offered. When seeking best execution, the Adviser will consider all factors that it deems relevant to the broker's or dealer's execution capability, which may include, among others, the following: quality of execution, reputation, financial strength, access to markets and overall costs of trade including commissions, mark-ups, mark-downs and other transaction costs.

The Adviser believes that for the vast majority of securities transactions for its Clients, best execution will not be quantifiable, but rather will be a set of quality standards – a trading process that seeks to maximize the value of a Client's portfolio over the course of time, given the stated investment objectives and circumstances. In short, the Adviser will to achieve the best overall end result for each Client, the key components of which include honorable intentions, a dedicated staff, up-to-date information and systems, reputable broker-dealers and sufficient oversight. Maximizing long term value for the Adviser's Clients will take precedence over short-term goals of cost efficiency in connection with individual trades.

Adviser has established an execution and custody relationship with Avanza, which clears through Apex Clearing Corporation ("Apex"). To establish an advisory relationship with Adviser and utilize the App you must also establish a brokerage/custody arrangement with Avanza. Under this arrangement Avanza acts as introducing broker-dealer in effecting all securities transactions for each Client Account, and Apex acts as clearing broker providing custody, trade execution and clearing services for each Client Account.

Adviser has considered several factors before selecting Avanza as the broker-dealer. These factors include: execution capability and available liquidity; timing and size of particular orders; commission rates; responsiveness; trading experience; reputation, integrity and fairness in resolving disputes; quality of their application programming interfaces and technology; economies of scale; efficiency; and other factors, including Apex platform support for the App and pricing options including credit interest rebate earned on uninvested cash.

### **Research and Other Soft Dollar Benefits**

Adviser does not engage in any "soft dollar" practices involving the receipt of research or other brokerage service in relation to client commission money, nor do we receive any research or other products from Avanza or otherwise in connection with Client transactions.

### **Directed Brokerage**

Clients will not be permitted the option of directing securities transactions to other broker-dealers.

### **Aggregated Trades**

In the interest of better trade execution, Adviser may, but is not required to, aggregate orders for a Client's Account with orders of other Clients. Adviser may aggregate securities sale and purchase orders for a Client with similar orders being made contemporaneously for other Client Accounts. In such event, the average price of the securities purchased or sold in such a transaction may be determined and a Client may be charged or credited the average transaction price. As a result, however, the price may be less favorable to the Client than it would be if similar transactions were not being executed concurrently for other Accounts.

## **ITEM 13. REVIEW OF ACCOUNTS**

### **Oversight and Monitoring**

The Adviser will provide continuous advisory services to Clients. This consists of reviewing and adjusting portfolio investments of each Account according to Client App portfolio Investment Option selections and available cash selections and updates entered on the App.

### **Reporting**

The Adviser will provide information to a Client in accordance with the Advisory Agreement with the Client. This will consist of summary information provided under the App and electronic account statements and information provided by clearing firm and accessed by Client via the App.

## **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

The Adviser will not receive economic benefits from non-Clients in connection with the provision of investment advice to Clients. The Adviser will not retain the services of nor will it pay for third party referrals.

## **ITEM 15. CUSTODY**

Avanza's clearing firm Apex Clearing LLC will custody all Client assets and furnish electronic account statements to Clients. Investors should access and carefully review these account statements and compare them to summary information presented by the App.

## **ITEM 16. INVESTMENT DISCRETION**

Investment advice will be provided directly to each Client. Services will be provided to each Client in accordance with the Advisory Agreement with the Client. The Adviser has discretionary authority over each Account.

## **ITEM 17. VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, the Adviser will not have any authority to and will not vote proxies on behalf of Clients. Clients will receive proxy statements through the custodian. Clients retain the responsibility for receiving and voting proxies for all securities maintained in client portfolios. Adviser does not provide advice to clients regarding the clients' voting of proxies.

## **ITEM 18. FINANCIAL INFORMATION**

Item 18.A is not applicable to the Adviser, as it will not require or solicit prepayment of fees six months or more in advance.

In response to Item 18.B, the Adviser is not currently aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to Accounts.

Item 18.C is not applicable to the Adviser, as it has not been subject to a bankruptcy petition during the past ten years.

**ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Item 19 is not applicable to the Adviser as it is not registered with any State securities authority.