

DURATION ASSET MANAGEMENT, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Duration Asset Management, LLC (hereinafter “Duration” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov. The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

In this Item, Duration is required to discuss any material changes that have been made to the brochure since the last annual amendment. There are no such material changes to disclose.

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Item 4. Advisory Business

Duration offers clients discretionary and non-discretionary investment management services focusing on fixed-income strategies. As appropriate, the Firm also provides discretionary and non-discretionary investment management services with respect to individual equity securities, mutual funds, and exchange-traded funds (“ETFs”). Prior to Duration rendering any investment management services, clients are required to enter into one or more written agreements with Duration setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Duration was formed in August 2018 and is wholly-owned by Quahadi Holdings, LLC, an entity that Stephen Bishop Smith wholly owns. As of the January 8, 2019, Duration had approximately \$268,463,829 in assets under management, all of which was managed on a discretionary basis.

While this brochure generally describes the business of Duration, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on Duration’s behalf and are subject to the Firm’s supervision or control.

Investment Management Services

Duration manages client investment portfolios on a discretionary or non-discretionary basis. Duration primarily allocates client assets among fixed-income securities (principally U.S. Treasury and government agency securities) in accordance with their stated investment objectives. In addition, Duration also provides investment advice with respect to private placement variable annuity and private placement life insurance products.

The Firm expects to launch one or more private funds that will employ leveraged fixed-income strategies. Securities in the Private Fund are expected to be privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The private fund(s) are expected to rely on an exemption from registration under the Investment Company Act of 1940, as amended. Participation as an investor in the private fund(s) is expected to be restricted to investors that are both “accredited investors” as defined in Rule 501(a) of the Securities Act of 1933, as amended and “qualified purchasers” as defined under the Investment Company Act of 1940, as amended. To the extent certain of the Firm’s individual advisory clients qualify, they will be eligible to participate as investors in the private fund(s). Investment in the private fund(s) will involve a significant degree of risk. All relevant information, terms and conditions relative to the private fund(s), including the compensation received by the Firm and its affiliates, suitability, risk factors, and potential conflicts of interest, will be set forth in a Confidential Private Offering Memorandum (the “Memorandum”), Limited Partnership Agreement (the “Agreement”), and/or Subscription Agreement (together, the “Offering Documents”), which each investor will receive prior to being permitted to invest in the private fund(s). The Firm will devote its best efforts with respect to its

management of both the private fund(s) and its individual client accounts. The Firm may give advice or take action with respect to the private fund(s) that differs from that for individual client accounts.

The Firm generally utilizes significant leverage in managing client investments, and therefore, the value of client investments may be subject to significant risks, as described in more detail below in Item 8 "Methods of Analysis, Investment Strategies and Risk of Loss."

Duration tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Duration consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Duration if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Duration determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

The Firm's investment advisory services do not include securities brokerage services as the Firm does not serve as the sponsor of or manager to a wrap fee program (i.e., an arrangement where certain brokerage commissions and transaction costs are absorbed by the Firm).

Item 5. Fees and Compensation

Investment Management Fees

Duration offers investment management services for an annual fee based on either the amount of assets under the Firm's management or the performance of the account.

With respect to the annual asset-based fee, the fee ranges between 100 and 200 basis points (1.0% - 2.0%) depending upon the size and composition of a client's portfolio and the type of services rendered. The annual asset-based fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Duration on the last day of the previous billing period. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Duration also offers investment management services to certain qualified clients, as defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act") for a performance-based fee. Under this arrangement, the Firm charges a fee based upon the performance of a client account in lieu of

an annual fee based upon assets under management. The performance fee charged to clients is up to 20% of the annual net realized and unrealized gains achieved in a client's account, subject to a perpetual high water mark. The performance fee is charged quarterly in arrears, based upon the net portfolio gains achieved during such quarter.

Duration may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

Additional Fees and Expenses

In addition to the advisory fees paid to Duration, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, mark-ups and mark-downs on fixed-income transactions, other transaction costs, custodial fees, reporting charges, margin costs, charges imposed directly by a money market fund in a client's account, as disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

Direct Fee Debit

Clients provide Duration with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Duration.

Use of Margin

Duration is generally authorized to use margin in the management of the client's investment portfolio, and the Firm will often utilize significant margin in managing client accounts. In these cases the fee payable will be assessed gross of margin such that the market value of the client's account and corresponding fee payable by the client to the Firm will be increased. Where investment management fees are assessed gross of margin, a conflict of interest exists as the Firm has an incentive to use margin to increase its fees.

Account Additions and Withdrawals

Clients can make additions to and withdrawals from their account at any time, subject to Advisors' right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to Duration, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Duration may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction costs and/or tax ramifications.

The Firm is under common control and ownership with Smith Capital Markets, LLC ("SCM"), an SEC registered broker-dealer and member of FINRA. All clients that designate SCM as their broker-dealer are advised of the relationship between the Firm, its Supervised Persons, and SCM, and are required to execute a separate written agreement with SCM setting forth the terms and conditions of the brokerage relationship. The principal place of business of the Firm is the same as that of SCM.

In the event clients desire, they can engage certain persons associated with SCM (but not the Firm) to render securities brokerage services through a commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with the Firm. Under this arrangement, clients may implement securities transactions through certain of the Firm's Supervised Persons in their respective individual capacities as registered representatives of SCM (the "Brokerage Relationship"). As stated above, prior to effecting any transactions through the Brokerage Relationship, clients are required to enter into a new account agreement with SCM. The transaction costs charged by SCM may be higher or lower than those charged by other broker-dealers.

A conflict of interest exists to the extent that a Supervised Person of the Firm recommends the purchase or sale of securities through the Brokerage Relationship where that Supervised Person receives additional compensation as a result of that recommendation. The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons to engage in the Brokerage Relationship are in the best interest of that client. Clients should understand that the transactions effected through the Brokerage Relationship are not receiving advisory services from the Firm. Therefore, the Firm does not have a fiduciary duty to the client with respect to such transactions.

Item 6. Performance-Based Fees and Side-by-Side Management

As stated in Item 5, Duration provides advisory services to qualified clients for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets). Although Duration believes that this fee arrangement best aligns the interests of the Firm and its clients, it may raise conflicts

of interest. The performance fee creates an incentive for the Firm to make or recommend investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, the performance fee creates an incentive for the Firm to utilize more margin in the management of accounts than would be employed in the absence of a performance fee arrangement. In addition, where Duration charges performance-based fees and provides similar services to accounts that are charged no or lower performance-based fees, there is an incentive to favor accounts paying a performance-based fee or a higher performance-based fee, including, without limitation, in the allocation of resources, services, functions or investment opportunities. Duration has procedures in place to ensure that any decisions are made in the best interest of clients regardless of the applicable fee structure.

Item 7. Types of Clients

Duration offers services to individuals, trusts, estates, charitable organizations, and corporations and business entities.

Minimum Account Requirements

Duration does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

The Firm will principally invest (both long and short) in (a) United States government securities supported by the full faith and credit of the U.S. Government, and (b) debt securities of Federal agencies, typically referred to as “government sponsored enterprises” (together, “Qualified Securities”) The Firm seeks to achieve positive investment returns through the use of significant leverage, which could approach but is generally expected not to exceed 20 times the net exposure of the client account, as determined on a cost basis.

Generally, the Firm will seek to capitalize on the yield curve disparities between short-term financing rates and the coupon rates on the account’s investments in Qualified Securities.

Risk of Loss

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

Market Risks

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Advisors' recommendations and/or investment decisions may depend largely upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Duration will be able to predict these price movements accurately or capitalize on any such assumptions.

Volatility Risk

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments. Additionally, the performance of individual accounts is expected to be volatile given the expected use of significant leverage in managing the accounts.

Equity Securities

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

Fixed-income Securities

The Firm will invest principally in Qualified Securities. Such securities are subject to the risk of default by the issuer with respect to principal and interest payments on its obligations (i.e. credit risk) as well as price

volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). Because the Firm invests heavily in U.S. Treasury securities and government agency securities, the creditworthiness of the United States government is a factor that can significantly impact the value of client investments.

Use of Leverage

The Firm will generally utilize significant leverage in managing client investments, using margin borrowings and other types of borrowings. While there are no limits on the leverage that may be employed by the Firm when managing client investments, the Firm does not anticipate utilizing leverage that exceeds 20 times the net exposure of the client account, computed on a cost basis. Such leverage will significantly increase the volatility of returns on clients' investments. As a result, small declines in the prices of levered investments could result in the complete loss of all amounts invested in such investments.

Margin Borrowings

The Firm anticipates utilizing significant margin borrowings in the management of client accounts. The use of margin borrowings results in certain additional risks to clients. Broker-dealers offering margin financing require a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call by the broker-dealer. Should the securities pledged to brokers to secure the client's margin accounts decline in value, the client could be subject to "margin calls," pursuant to which the client must either deposit additional funds with such brokers, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the client's assets, the client might not be able to liquidate assets quickly enough to pay off its margin debt.

Repurchase and Reverse Repurchase Agreements

The Firm may enter into repurchase and reverse repurchase agreements on behalf of clients. When the Firm enters into a repurchase agreement on behalf of a client, it "sells" securities to a broker-dealer or financial institution, and agrees to repurchase such securities on a mutually-agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Firm "buys" securities issued from a broker-dealer or financial institution on behalf of a client, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the client, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Firm on behalf of clients involves certain risks. For example, if the seller of securities to a Firm client under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, because of its bankruptcy or otherwise, the Firm will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Firm's ability to dispose of the securities on behalf of a client may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Firm

may not be able to substantiate the client's interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Firm's client may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Financing Arrangements

The profitability of the Firm's investment program depends heavily on the availability and cost of financing and correctly assessing the future course of such financing rates as they relate to the coupon rates of Qualified Securities.

While the Firm will attempt to negotiate the terms of the financing arrangements on behalf of clients, its ability to do so may be limited. There can be no assurance that the Firm will be able to obtain attractive margin financing on behalf of clients at a rate less than that earned by the clients on their investments. The financing rates charged to the clients will fluctuate, generally in relation to the Federal Funds rate, and may exceed the interest received by the clients on their investments.

Short-Selling

As appropriate, the Firm can engage in short-selling on behalf of clients. A short sale involves the sale of a security that the client may or may not own and borrowing the same security for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the client to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the security. A short sale creates the risk of loss, in that the price of the underlying security could increase, thus increasing the cost of buying that security to cover the short position. The Firm can attempt to mitigate such losses on behalf of clients by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Firm could face difficulty purchasing securities on behalf of clients to meet their short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet clients' short sale obligations at a time when fundamental investment considerations would not favor such sales.

Concentration Risk.

The Firm will employ investment strategies concentrated on fixed-income investments, and therefore, the Firm will not be responsible for diversification of client portfolios. Because of the concentration of the Firm's investments in fixed-income securities, client investments may be subject to more rapid changes in value than would be the case if the Firm were to invest in a more diversified portfolio of securities.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Agency Cross Transactions

In very limited circumstances, Duration will, with a client's specific consent, engage in agency cross transactions pursuant to which the Firm will effect transactions between a client's account and the accounts of other individuals and/or entities which can include clients of Duration (i.e., arranging for the client's securities trades by "crossing" these trades with securities transactions of other advisory and non-advisory clients). The Firm will only engage in agency cross transactions and when it believes that such transactions are beneficial to the client. Duration will provide written confirmation to the client of each agency cross transaction, as well as an annual summary of all such transactions. The client can revoke Duration's agency cross transaction authority at any time upon written notice.

Item 9. Disciplinary Information

Duration has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

Related Broker Dealer

As detailed in Item 5, the Firm is under common control and ownership with SCM, an SEC registered broker-dealer and member of FINRA. In addition, certain of the Supervised Persons of the Firm are also registered representatives of SCM, and in their individual capacities, effect securities brokerage transactions on a commission basis through a Brokerage Relationship with the Firm's advisory clients. A conflict of interest exists as the Firm and its supervised persons have an incentive to recommend SCM's services to clients seeking brokerage services because of the additional compensation that can be earned by the Firm's principals and supervised persons because of such recommendation.

Item 11. Code of Ethics

Duration has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. The Firm's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients to take advantage of pending orders.

The Code of Ethics also requires certain of the Firm's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or

- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact Duration to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

Recommendation of Broker-Dealers for Client Transactions

Duration recommends that clients utilize the custody, brokerage and clearing services of Interactive Brokers LLC ("Interactive Brokers") for investment management accounts. The Firm also utilizes the custodial services to J.P. Morgan Securities, LLC.

Factors which the Firm considers in recommending Interactive Brokers or any other broker-dealer to clients include the availability of attractive financing rates for margin transactions, their respective financial strength, reputation, execution, pricing, research and service. The mark-ups and mark-downs on fixed-income transactions and other transaction costs charged by Interactive Brokers or any other broker-dealer may be higher or lower than those charged by other Financial Institutions.

Clients may pay transaction costs that are higher than another qualified Financial Institution might charge to effect the same transaction where Duration determines that the transaction costs are reasonable in relation to the value of the brokerage and research services received. In seeking to fulfill the Firm's duty of best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best quantitative and qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, transaction costs and responsiveness. Duration seeks competitive transaction costs but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Duration in its investment decision-making process. Such research will be used to service all the Firm's clients, but transaction costs paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Duration does not have to produce or pay for the products or services.

Duration periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Software and Support Provided by Financial Institutions

Duration receives without cost from Interactive Brokers administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow Duration to better monitor client accounts maintained at Interactive Brokers and otherwise conduct its business. Duration receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Interactive Brokers. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Duration, but not its clients directly. Clients should be aware that Advisors' receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services.

Specifically, Duration receives the following benefits from Interactive Brokers: [i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

Brokerage for Client Referrals

Duration does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

Directed Brokerage

The client may not direct Duration to use a particular Financial Institution to execute some or all transactions for the client.

Trade Aggregation

Transactions for each client will be effected independently, unless Duration decides to purchase or sell the same securities for several clients at approximately the same time. Duration may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Advisors’ clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Advisors’ Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Duration does not receive any additional compensation or remuneration because of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Item 13. Review of Accounts

Account Reviews

Duration monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least an annual basis. Such reviews are conducted by one of the Firm’s principals. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Duration and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients

at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time to time or as otherwise requested, clients may also receive written or electronic reports from Duration and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Duration or an outside service provider.

Item 14. Client Referrals and Other Compensation

Client Referrals

In the event a client is introduced to Duration by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Advisors' investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Advisors' written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Duration is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

Item 15. Custody

Duration is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, Duration will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions that serve as the qualified custodian with respect to such assets.

Item 16. Investment Discretion

Duration is given the authority to exercise discretion on behalf of clients. Duration is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Duration is given this authority through a power-of-attorney included in the agreement between Duration and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Duration takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The use of margin.

Item 17. Voting Client Securities

Declination of Proxy Voting Authority

Duration does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

Item 18. Financial Information

Duration is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;

- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.