

**Item 1 – Cover Page**



**NEW AGE ALPHA ADVISORS, LLC**

555 Theodore Fremd Avenue  
Suite A-101  
Rye, NY 10580

[www.newagealpha.com](http://www.newagealpha.com)

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This Brochure provides information about the qualifications and business practices of New Age Alpha Advisors, LLC (“NAAA”). If you have any questions about the contents of this brochure, please contact us at (212) 922-2682 or at [compliance@newagealpha.com](mailto:compliance@newagealpha.com). 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 NAAA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

NAAA initially registered as an adviser with the SEC on December 3, 2018, relying on rule 203A-2(c), the exemption from the prohibition on registration available to an adviser that expects to be eligible for SEC registration within 120 days. NAAA subsequently withdrew its registration on April 1, 2019 because it had not taken on any clients and was not providing advisory services to any person or entity at that time.

In the future, in connection with the filing of annual amendments to its Form ADV, NAAA will inform clients of any material changes that it has made to its brochure since its last annual update.

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#### **Item 4 – Advisory Business**

New Age Alpha Advisors, LLC (“NAAA”) is an investment adviser that seeks to manage assets for institutional investors so as to achieve expected returns using a proprietary investment methodology. NAAA is a Delaware limited liability company that was formed on August 9, 2018 and is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser. Registration with the SEC does not imply a certain level of skill or training. New Age Alpha LLC is the sole owner of NAAA.

NAAA provides investment advisory services, primarily focused on implementing equity and fixed income asset management strategies using proprietary investment methodology, to a variety of institutional investors through separately managed accounts (“SMAs”). In the future, NAAA plans to provide similar asset management services to certain pooled investment vehicles (“Funds”), which may be private funds or registered investment companies under the Investment Company Act of 1940, as amended (“1940 Act”), including Exchange Traded Funds or (“ETFs”). Each Fund’s investment objective, strategies, and any applicable investment restrictions will be described in that Fund’s offering documents and/or Prospectus and Statement of Additional Information, as applicable.

NAAA provides advisory services to clients in an agency capacity pursuant to an investment management agreement (“IMA”) between the client and NAAA by which each client grants to NAAA full discretion to manage their investment assets. For clients setting up an SMA, NAAA employs a disciplined investment process that begins with an assessment of each client’s objectives, return expectations, risk tolerance, and investment constraints based upon information provided by each client (the “Investment Objectives”). NAAA works together with each client to establish the client’s initial Investment Objectives and to make sure they are tailored to the client’s specific needs. During this process, and afterward by providing written notice to NAAA, the client may modify the Investment Objectives or impose restrictions on investing in certain securities or certain types of securities. For example, clients may place restrictions on NAAA’s ability to use leverage or to invest in specific securities or types of securities. The client’s Investment Objectives will be memorialized by NAAA and documented in writing prior to implementation of an investment strategy. NAAA will utilize the Investment Objectives to determine the appropriate target asset allocation and the discretionary management of the client’s assets on an ongoing basis. The Investment Objectives will be reviewed and approved by the client at the inception of the relationship and will be reviewed and discussed periodically over time, but no less frequently than annually. Clients must notify NAAA should there be any changes to their financial circumstances, needs, objectives and/or tolerance for risk or other circumstances relevant to management of their account(s).

NAAA may also prepare written commentary on general market conditions that is not specifically tailored to any particular client’s needs. The commentary is prepared to educate and inform current and prospective clients, consultants, and other business contacts about market conditions or trends that NAAA may consider of interest. NAAA does not charge a fee for providing this written commentary.

NAAA does not participate in any wrap fee program.

NAAA intends to primarily manage client accounts on a discretionary basis. Managing accounts on a discretionary basis means that NAAA is authorized to buy and sell securities in these accounts without transaction-by-transaction authorization from the client. NAAA may also agree to manage accounts in a non-discretionary manner on a case-by-case basis. With a non-discretionary account, NAAA will advise clients on purchasing, selling, holding, valuing, or exercising rights with respect to particular investments, but will not have discretion to execute purchases or sales on behalf of the client without the specific instruction of the client. In non-discretionary accounts, the client will make the final determination as to whether to act on such recommendations. As of October 10, 2019, NAAA was managing \$64,204,000 of assets on a discretionary basis and \$0 of assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Management Fees**

For providing advisory services to SMAs, NAAA is generally paid a monthly or quarterly management fee, which is based upon a percentage of the client's assets under management. The management fee is equal to a mutually agreed upon annual fee prorated and multiplied by the value of the client's assets as of each calendar month-end or quarter-end, as applicable.

### **Fee Schedule**

Management Fee	0.75% of client's assets under management
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The standard management fee for investment advisory services provided to NAAA's SMA clients is seventy-five basis points (0.75%) annually of assets under management. Fees are negotiable based upon the type of service provided, the size of the account, and the relationship between the client and NAAA. In addition, NAAA may waive or reduce its Management Fees at its sole discretion. The fee schedule may also be modified by NAAA upon notice to the client and upon the client's signed, written consent.

The management fee is calculated and accrued monthly and is generally payable monthly or quarterly in arrears, as applicable, subject to any different payment and calculation terms in a client's IMA. The fee for the period in which an account becomes effective and the period in which an account is terminated, in each case if the account is not in effect throughout such period, will be pro-rated for the number of days in which the account was in effect. Managements Fees are typically billed to clients on a monthly or quarterly basis, as applicable. Clients are generally expected to pay the management fee to NAAA within thirty (30) calendar days of the receipt of an invoice.

In some circumstances, NAAA and a client may agree that management fees will be payable in advance. Should an SMA client terminate an advisory arrangement, where management fees have been paid in advance, the client will receive a *pro rata* rebate of the allocable portion of the fee not earned by NAAA during the period.

### **Expenses**

Costs and expenses that are charged to and borne by SMA clients (in addition to investment management fees) include, but are not necessarily limited to, all costs and expenses related to the SMA's portfolio investments and all other costs and expenses agreed to between the client and NAAA, such as indemnification expenses. Costs and expenses typically borne by an SMA relating to its portfolio investments include: brokerage fees, commissions and other related trading, execution, and settlement related costs and fees; custodial fees; performance reporting fees, wire fees, banking fees, interest incurred on borrowings, if any; dividends paid on securities sold short, governmental charges, taxes and duties; transfer fees, registration fees; interest expenses; withholding taxes; other expenses associated with buying, selling or holding investments; and other costs associated with such account. Please see Item 12 for a discussion of

NAAA's brokerage practices. These fees will be paid by the client directly to the client-designated custodian, broker-dealer, bank, or other third party, as applicable.

In addition, NAAA may utilize ETFs and/or publicly-traded investment companies (mutual funds) as investment vehicles in its clients' investment portfolios. These investment vehicles incur costs and expenses and are managed by independent (i.e., non-NAAA) advisors. Clients should understand that the advisers managing these funds apply to these funds a fee that is distinct and separate from the fee charged by NAAA. A client could invest in these investment vehicles directly, without the services of NAAA. A client could also invest in these products through other brokers, agents, or investment advisers that are not affiliated with NAAA. Clients should evaluate the fees incurred in connection with these investment vehicles and the advisory fees charged by NAAA to fully understand the total amount of fees paid.

Neither NAAA nor its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Costs and expenses borne by more than one client will be allocated in accordance with NAAA's policies and procedures in effect from time to time related to the allocation of expenses. NAAA's allocation methodologies seek to allocate expenses in a manner that generally reflects each client's relative consumption of resources, relative allocation of benefits and/or other equitable considerations that may be appropriate under the circumstances; however, the allocation of expenses involves subjective determinations, which may involve conflicts of interest. For example, in some instances, expenses may be allocated pro rata among clients participating in an investment (e.g., based on cash/capital available for investment, net assets or other methodology determined by NAAA to be appropriate), but in other instances expenses may be allocated on a non-pro rata basis. Moreover, allocations of expenses typically rely on then-available information, estimates and assumptions that NAAA believes are reasonable and appropriate, but may be imprecise and subject to subsequent modification. While NAAA believes that its allocation methodology is reasonable, other allocation methodologies exist that may yield different results.

The bearing of costs and expenses by clients as described in this section may directly or indirectly benefit NAAA or other clients of NAAA that do not bear such costs and expenses, particularly those that may later invest in the same or similar assets, sectors, and/or issuers as the clients bearing such costs and expenses. For example, in managing the accounts of other clients, NAAA may take into account the information obtained by service providers previously paid for by certain clients. These service providers may include, among others, valuation agents (e.g., for pricing support of a related issuer or security) and certain legal and accounting expenses (e.g., documents serving as precedent for a future similar situation). In addition, NAAA may from time to time provide information acquired or derived from these service providers to other clients for various reasons without seeking compensation for such information. Clients that initially bear such expenses are not expected to be later reimbursed by clients who benefit from such expenses.

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

### **Performance-Based Fees**

NAAA and its supervised persons do not charge performance-based fees for advisory services. Performance-based fees are fees that are based on a share of capital gains on or capital appreciation of a client's assets.

### **Side-By-Side Management**

Portfolio managers employed by NAAA may manage multiple accounts according to the same or similar investment strategies and may seek to make or sell investments in the same securities, instruments, sectors or strategies in multiple accounts at the same time. This side-by-side management of multiple accounts may create conflicts, particularly in circumstances where the availability or liquidity of investment opportunities is limited. Some investments (such as commercial mortgage loans, private equity, hedge funds, venture capital and/or other equity interests) may be offered to some but not all clients when appropriately within a client's Investment Objectives.

NAAA may face conflicts of interest because NAAA may have an incentive to favor particular accounts over others that may be less lucrative in the allocation of investments (e.g., because such accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments, or have differing ability to engage in short sales and economically similar transactions). These potential conflicts may arise when, for example, NAAA allocates investment opportunities that NAAA believes could more likely result in favorable performance, engages in cross trades, or executes potentially conflicting or competing investments. To address these conflicts, NAAA's policies and procedures require that investment decisions for client accounts will be made independently from those of other client accounts and are made with specific reference to the individual needs and objectives of each client account, without consideration of NAAA's or its employees' or affiliates' pecuniary or investment interests.

In addition, because NAAA's management fee is negotiable, NAAA will likely receive a higher management fee for managing some client's accounts than for managing others. The simultaneous management of clients that pay different fee levels creates a conflict of interest as the portfolio manager may have an incentive to allocate particularly attractive investment opportunities to a client that is expected to generate higher fees. In order to deal with this conflict of interest, NAAA has adopted investment allocation policies that are designed to ensure that investment opportunities are allocated fairly and equitably among client accounts. NAAA does not take the management fee charged to a client into account when allocating investment opportunities.

### **Valuation**

NAAA's fees are based on the value and performance of the assets held in a client's account. When pricing a security, NAAA attempts, in good faith and in accordance with applicable laws,



to determine the fair value of the security or other assets. For SMAs, unless otherwise agreed to with a client, NAAA generally relies on prices provided by a broker-dealer or third-party pricing service for valuation purposes. However, when quotations from these sources are not readily available or are believed by NAAA to be unreliable, the security or other assets will be valued by NAAA or an affiliate in accordance with NAAA's Valuation Policy.

NAAA generally values securities and assets in client accounts according to its Valuation Policy. However, clients may also request that NAAA follow their own valuation guidelines. In certain instances where clients have adopted different valuation guidelines or policies or have directed NAAA to utilize different third-party vendors for valuation purposes, it is possible that identical securities may be valued differently in different client accounts.

Valuations present a conflict of interest because they affect NAAA's compensation. To the extent NAAA's fees are based on the value of assets in a client's accounts, NAAA would benefit by receiving a fee based on the impact, if any, of an increased value of assets in that account. In order to mitigate such potential conflicts of interest, NAAA will value securities in accordance with its Valuation Policy, which is designed to ensure that NAAA makes valuation determinations in accordance with its fiduciary duties to its clients.

NAAA may evaluate the performance of its portfolio management strategies against index benchmarks. At times, an NAAA managed account will hold the same securities that the applicable index holds. NAAA may value those securities differently than the index provider values them, because NAAA and index providers sometimes use different pricing methodologies. In this situation, account under- or over-performance relative to the index benchmark may be due to the use of different pricing methodologies, as opposed to security selection or portfolio management.

## **Allocation**

NAAA may advise clients with the same or similar investment strategies. NAAA has implemented policies and procedures that govern the allocation of investment opportunities among clients in a fair and equitable manner, taking into account the needs and Investment Objectives of the clients as well as prevailing market conditions. In such circumstances, if an investment opportunity would be appropriate for more than one client, NAAA may be required to choose among those clients in allocating the opportunity, or to allocate less of the opportunity to each client than it would ideally allocate if it did not have to allocate to multiple clients. In addition, NAAA may determine that an investment opportunity is appropriate for a particular account, but not for another. There can be no assurance that a particular investment opportunity will be allocated to all clients for whom the opportunity may be appropriate.

Securities are allocated among client accounts after taking into consideration the specific objectives and constraints for each account, which could include, but are not limited to, the following: risk tolerance, rating constraints, maturity constraints, issue size, yield, purchase price, existing exposure of the investment vehicle, minimum trade allocation, minimum position holding size, sector allocation limits, duration, convexity, strategy, lot size, market conditions, and investment guideline considerations. In addition, NAAA will consider the strategies,

liquidity requirements, investment phase of the account (i.e. ramping-up or taking gains/losses for tax purposes) and cash available in each account when making an allocation decision. Other considerations are as follows:

- **Multi-Strategy and Simple-Strategy Accounts:** Multi-Strategy accounts generally have a larger spectrum of eligible asset classes and securities to purchase from. Simple-Strategy accounts have targeted strategies (or types of asset classes) and less flexibility to invest across multiple asset classes. In cases where there is a limited offering (in primary or secondary markets), Simple-Strategy accounts may receive a larger allocation than Multi-Strategy accounts as Multi-Strategy accounts may invest in other asset classes and securities that also align with their investment target, risk parameters, and investment guidelines.
- **Cash Considerations:** (i) New accounts with more investable cash may receive a larger allocation of a particular security (or securities) as other accounts may be closer to being fully invested and/or closer to achieving their targeted portfolio characteristics. (ii) There may be instances where existing accounts receive larger inflows of cash. In these instances where the account's cash balance is close to or exceeds the account's cash limits under its investment guidelines, or differs from the target cash weight within the portfolio, then these accounts may receive a larger allocation of a particular security (or securities) than other accounts that are not in a similar cash position.

The application of the relevant factors may result in non-*pro rata* allocations, and some client accounts (including client accounts in which NAAA or its affiliates or related persons, or their respective officers, directors or employees, including portfolio managers or senior managers of NAAA, have an interest) may receive an allocation when other client accounts do not. Based on these factors, some investments may be offered to some but not all clients when appropriately within client investment guidelines.

NAAA ultimately seeks to allocate transactions on an objective basis and in a manner designed to assure that no participating client is favored over any other participating client. In situations of scarcity where the amount of fixed income or private equity assets to be purchased is too limited for all eligible clients to share (even on an allocated basis) or where *pro rata* allocations would result in *de minimis* positions or odd lots, NAAA will seek to achieve a fair and equitable allocation, which may include the use of a rotation process.

### **Discretionary and Non-Discretionary Accounts**

NAAA may advise with respect to the same or similar securities in discretionary and non-discretionary client accounts. There may be timing differences related to the transmission of advice to non-discretionary client accounts for consideration and a determination of whether to act on the advice. As a result, NAAA may execute trades for discretionary client accounts in advance of NAAA communicating with non-discretionary client accounts about those investments. In other cases, NAAA may decide to separate advice in discretionary and non-discretionary accounts. For example, in connection with non-discretionary client accounts,

NAAA may have information with respect to pending purchases or sales or relating to a non-discretionary client's business and financial position. In the event that NAAA considers such information to be of a sensitive nature, NAAA may, on a case-by-case basis, elect to implement internal policies and procedures (including, where appropriate, the use of informational barriers) to manage the flow of such information within NAAA, which may prevent the transmission or affect the timing of transmission of advice to some accounts.

### **Item 7 – Types of Clients**

NAAA provides investment advisory services to institutional investors through SMAs. Such clients will generally be considered “qualified purchasers” as such term is defined in section 2(a)(51)(A) of the 1940 Act. In the future, NAAA plans to provide similar asset management services to registered and non-registered Funds, including ETFs. NAAA’s SMA clients may include corporate pension and profit-sharing plans, trusts, estates, charitable organizations, municipalities, corporations and business entities, and other registered and unregistered pooled investment vehicles. This description of NAAA’s investment advisory clients is not exhaustive; consequently, NAAA may provide advisory services to other types of clients.

For its SMA clients, NAAA generally requires a minimum account size of \$5 million, subject to reduction in NAAA’s discretion.

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

NAAA tailors the investment strategies used on behalf of each client to meet that client's Investment Objectives while hedging out much of the unpriced risk. In constructing a client's portfolio, NAAA will typically take into consideration the composition of the relevant benchmark as well as the composition of portfolios within a relevant peer group. NAAA uses its in-house proprietary methodology, charting, fundamental analysis, and technical analysis to formulate client investment opportunities. In formulating its investment advice, NAAA may also use the services of third-party and affiliated research and market service data providers.

NAAA manages client assets using a variety of disciplines within fixed income and equity strategies as described below. The principal risks of investing in these types of strategies are also discussed below.

Clients of NAAA must be aware that investing involves substantial risks, including a loss of all or a portion of the principal investment. Clients should be prepared to bear this risk. Unlike savings and checking accounts at a bank, investments in securities are not insured by the government to protect against market losses.

### **Fixed Income Strategies**

NAAA generally provides the following fixed income strategies:

*Core Fixed Income:* The Core Fixed Income strategy employs a total return approach designed to achieve attractive risk-adjusted returns versus a benchmark over a full market cycle. These strategies may be designed to meet client-specific risk/reward objectives which generally include performance relative to a benchmark and duration targets by investing primarily in fixed income securities, including but not limited to, investment grade corporate bonds, bank loans, municipal bonds, treasuries, preferred stock, agencies, cash and cash equivalents, sovereigns and derivatives across a broad range of sectors.

In general, fixed income securities are subject to credit, interest rate, liquidity, market, and spread risks. Credit risk relates to the ability of an issuer to make payments of principal and interest. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Liquidity risk relates to the ability to sell securities at or near the mark in different environments. Market risk is event or systemic risk to capital markets. Spread risk relates to changes in the risks or perceived risks of an issuer, country or region.

In addition, investments in corporate bonds are subject to risks related to an issuer's financial condition, ability to meet its obligations, and willingness or ability to make principal payments or declare distributions. The value of corporate bonds may be subject to steep declines or increased volatility due to increases in interest rates and inflation.

During periods of declining interest rates, prepayments can be expected to accelerate, and such prepayments will shorten these securities' weighted average life and may lower their return. Conversely, in a rising interest rate environment, a declining prepayment rate will extend the

weighted average life of these securities which generally would cause their values to fluctuate more widely in response to changes in interest rates. Treasuries and agencies are subject to the risks of changes in their value resulting from changes in US interest rates as well as market and credit risk associated with the US government. Sovereigns are subject to the risks posed by changes in the interest rates and credit and market risk associated with currency and government of their domicile as well as inherent political/government risk. Derivatives may pose risks in addition to and greater than those associated with investing directly in securities or other investments, including risks relating to imperfect correlations with underlying investments or the strategies' other portfolio holdings, high price volatility, lack of availability, counterparty credit, liquidity, valuation, legal restrictions, and mark to market requirements. Their use is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. Finally, some of our strategies may incorporate the use of leverage, through borrowings or instruments such as derivatives. The use of leverage may cause the strategy to be more volatile and riskier than if it had not been leveraged.

**Multi-Asset:** The Multi-Asset strategy seeks to deliver attractive absolute returns while reducing volatility and drawdowns over full market cycles. Unconstrained to a benchmark, the Multi-Asset strategy has the flexibility to invest across a broad array of fixed-income securities as well as equities. The strategy employs investments tactically allocated across the full spectrum of the fixed income markets as well as equities, investment grade and high-yield corporates, and cash and cash equivalents. Derivatives may be used to hedge various risk components and/or to express a directional view.

The Multi-Asset strategy is subject to the risks described above under “Core Fixed Income.” This strategy is also subject to additional risks, such as equity securities risk, derivatives risk, and currency risk. Equity securities include common stocks and other equity securities (and securities convertible into stocks), and the prices of equity securities fluctuate in value more than other investments. They reflect changes in the issuing company’s financial condition and changes in the overall market. Common stocks generally represent the riskiest investment in a company and may lose a substantial part, or even all, of their investment value. Growth stocks may be more volatile than value stocks. Derivatives and currencies may pose risks in addition to and greater than those associated with investing directly in securities or other investments, including risks relating to leverage, imperfect correlations with underlying investments or the strategies' other portfolio holdings, high price volatility, mark-to-market risk, lack of availability, counterparty credit, liquidity, foreign exchange fluctuations, valuation and legal restrictions. Their use is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If NAAA is incorrect about its expectations of market conditions, the use of derivatives could also result in a loss, which in some cases may be unlimited.

**High Yield:** The High Yield strategy seeks a high level of current income, with growth of capital as a secondary consideration, through investments primarily in high yield debt securities. High yield securities can be broadly classified into two categories: (a) securities issued with a below investment grade rating and (b) securities whose credit ratings have been downgraded below investment grade because of deteriorating investment fundamentals. The first category includes securities issued by companies that generally do not have the operating histories needed to secure

investment grade ratings from the rating agencies, but that have attractive growth prospects and the potential to achieve an investment grade rating in the future. This category also includes companies that have converted from public to private ownership through leveraged buyout transactions or that have restructured their balance sheets through leveraged recapitalizations. The second category of high yield securities consists of securities of former investment grade companies that have experienced poor operating performance due to a variety of factors.

High yield debt securities are generally subject to the risks described above under “Core Fixed Income.” In addition, the economy and interest rates tend to affect high yield securities differently from other securities. The prices of high yield bonds have been found to be less sensitive to interest rate changes than higher-rated investments, but more sensitive to adverse economic changes or individual corporate developments. During an economic downturn or substantial period of rising interest rates, highly leveraged issuers may experience financial stress. Also, changes in the creditworthiness of lower-rated issuers and the market perceptions of the issuers’ creditworthiness tend to occur more frequently and in a more marked manner as compared to higher-rated issuers. The lower ratings of the high yield securities reflect a greater possibility that the financial condition of the issuers and/or adverse changes in general economic conditions may impair the ability of the issuers, individually or in general, to make payments of principal and interest. Issuers may default on their obligations to pay principal or interest when due. If an issuer is to file for bankruptcy, the portfolio may experience delays or limitations in its ability to realize the benefits of the issuer’s assets or any collateral.

### Equity Strategies

NAAA’s equity strategies are generally designed to deliver clients exposure to a specific segment of the equities market through the combination of NAAA’s quantitative investment models, proprietary equity research, and portfolio construction techniques. NAAA’s quantitative analysis employs proprietary models spanning a set of valuation, quality, risk, momentum, and other factors to generate implied risk premiums, expected returns, and expected risk on specific securities and groups of securities. NAAA’s proprietary equity research seeks to identify investment opportunities and risks that may not be fully captured by our quantitative analysis but which we believe are likely to have a material positive or negative impact on future returns. NAAA’s portfolio construction process merges the results of our quantitative analysis and proprietary research with client-specific risk budgets to produce portfolios that are designed to achieve their investment objectives over multiple investment horizons.

NAAA generally provides the following equity strategies:

Long-Only: The Long-Only equity strategy typically focuses on a broad range of equity styles, taking long positions in stocks that are expected to appreciate over multiple investment horizons. Investments in equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; global or regional political, economic and banking crises; and factors affecting specific industries, sectors or companies in which NAAA

invests on behalf of clients. The value of a client's investment portfolio and the corresponding investment return will fluctuate based upon changes in the value of its portfolio securities. Investments in larger, more established companies are subject to the risk that larger companies are sometimes unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion. Larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors potentially resulting in lower markets for their common stock. Mid-cap and small-cap companies may not have the management experience, financial resources, product diversification and competitive strengths of large-cap companies. Therefore, their securities may be more volatile and less liquid than the securities of larger, more established companies. Mid-cap and small-cap company stocks may also be bought and sold less often and in smaller amounts than larger company stocks. Because of this, if NAAA wants to sell a large quantity of a mid-cap or small-cap company stock, it may have to sell at a lower price than it might prefer, or it may have to sell in smaller than desired quantities over a period of time. Analysts and other investors may follow these companies less actively and, therefore, information about these companies may not be as readily available as it is for large-cap companies.

*Equity Allocation:* The Equity Allocation strategy is distinguished from the Long-Only equity strategy in that it varies the long exposure equities from 100% or higher to as low as 0% in response to market opportunities and risks. This strategy takes long positions in securities expected to have positive returns.

The Equity Allocation strategy is subject to the risks described above under "Long-Only." This strategy is also subject to additional risks. For example, the Equity Allocation strategy is created by a proprietary model. The success of the strategy depends on the effectiveness of the model to identify and predict market conditions for allocation purposes. The factors used in the quantitative analysis and the weight placed on these factors may not be predictive of the market's direction. If the market direction prediction is incorrect the strategy might lose money.

*Market Neutral:* The Market Neutral strategy seeks to produce attractive absolute returns with no net market exposure by taking long and short exposure to securities with similar risk profiles but divergent expected returns.

The Market Neutral strategy is subject to the risks described above under "Long-Only" and "Equity Allocation."

*Enhanced Equity:* The Enhanced Equity strategy seeks to combine an underlying equity portfolio with an options strategy designed to enhance returns, generate income, and/or mitigate downside risk.

The Enhanced Equity strategy is subject to the risks described above under "Long-Only." This strategy is also subject to additional risks, such as derivatives risk. Derivatives (such as options) are financial contracts whose value depend on, or are derived from, the value of an underlying asset, reference rate or index. A client account may use derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other



risks, such as interest rate or currency risk. An account may also use derivatives for leverage, in which case their use would involve leveraging risk. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. A client investing in a derivative instrument could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances.

Each client bears the risk of loss that NAAA's investment strategies entail. As described above, certain risks are associated with certain investment strategies. Other risks may be common to two or more investment strategies, like risks associated with changes in regulatory regimes or general market conditions. Certain other risks arise in connection with particular types of investments. Investors should carefully read all applicable informational materials for further information about the risks associated with their investment. While NAAA seeks to manage accounts so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss, and there can be no guarantee that a particular level of return or objective will be achieved.

### **Item 9 – Disciplinary Information**

The disclosures required under this item of Form ADV Part 2 are not applicable to NAAA. There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of NAAA's advisory business or the integrity of its management.

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

The disclosures required under this item of Form ADV Part 2 are not applicable to NAAA or its management persons.

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

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

NAAA has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. NAAA’s Code has several goals. First, the Code is designed to assist NAAA in complying with applicable laws and regulations governing its investment advisory business. Under the Advisers Act, NAAA owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires NAAA’s associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on inside information.

Second, the Code sets forth guidelines for professional standards for NAAA’s associated persons (managers, officers and employees). Under the Code’s, NAAA’s associated persons are required to put the interests of clients first, ahead of personal interests. In this regard, NAAA’s associated persons are not permitted to take inappropriate advantage of their positions in relation to NAAA clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. The Code’s personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

A copy of NAAA’s Code of Ethics is available to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

From time to time NAAA’s associated persons may invest in the same securities recommended to clients. In order to reduce or eliminate conflicts of interest created by this policy, NAAA has established a policy requiring its associated persons to pre-clear transactions in certain securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflict of interest that may present itself in these situations. Certain financial instruments, such as CDs, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement.

Consistent with the foregoing, NAAA maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If an NAAA associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

NAAA may from time to time recommend to clients or direct clients’ accounts to invest in the Private Fund and/or in one or more of the Mutual Funds. In such cases, NAAA expects to waive its advisory fee to the extent that NAAA or an affiliate of NAAA receives advisory fees from such funds or Mutual Funds.

Each supervised person receives a copy of the Code and of each amendment thereto, and is required to acknowledge such receipt in writing. The Code further requires each supervised person to report any violation of the Code promptly to NAAA's Chief Compliance Officer.

## **Item 12 – Brokerage Practices**

### **Counterparty/Broker Selection**

In selecting a counterparty/broker-dealer to execute trades on behalf of clients, NAAA seeks to obtain “best execution” for client transactions (i.e., the most favorable price and execution under the circumstances). In determining the reasonableness of counterparty/broker-dealer compensation, NAAA considers, among other things, such factors as execution capability, financial responsibility, responsiveness to NAAA, the commission rate or spread involved, and the value and range of research products and services provided or paid for by a broker-dealer. Such research products may include research reports on companies, industries and securities, economic and financial data, financial publications, and services.

In seeking best execution, NAAA is not obligated to choose the counterparty offering the lowest available commission rate if, in NAAA’s reasonable judgment, (i) there is material risk that the overall cost to purchase securities will be higher or the proceeds from the sale of securities will be lower; (ii) a higher commission is justified by the trading or research services provided by the counterparty that fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended, or (iii) other considerations, such as the order size, the time required for execution, the depth and breadth of the market for the security, minimum credit quality requirements to transact business with a particular counterparty, or the quality of the counterparty’s back office dictates utilizing a different counterparty.

NAAA maintains an Approved Counterparty List. The Approved Counterparty List sets out counterparties/broker-dealers approved by NAAA that advisory personnel may use to execute client transactions. Transactions may only be executed with counterparties on the Approved Counterparties List unless an exception is granted by the Chief Compliance Officer. Initially and on an ongoing basis, NAAA consults a variety of information relating to a counterparty/broker-dealer, including regulatory reports and financial information, in connection with adding and maintaining a counterparty to the Approved Counterparty List. Generally, counterparties on the Approved Counterparty List must, in NAAA’s opinion, have financial stability and a positive reputation in the industry.

### **Soft Dollar Policy**

NAAA does not currently have any formal agreements whereby it directs client transactions to a particular broker-dealer in return for soft dollar benefits. The term “soft dollars” is not defined under the federal securities laws. It generally refers to practices in which broker-dealers provide products and services (such as investment research) to advisers or other persons in exchange for the adviser executing client brokerage transactions through the broker-dealer. The term is also used to refer to the calculation of the dollar amount of credits, based on the volume of brokerage commissions on transactions executed through a broker, that an adviser can use to purchase brokerage and research services.

Section 28(e) of the Securities Exchange Act of 1934 provides that a person who exercises investment discretion with respect to an account shall not be deemed to have acted unlawfully or to have breached a fiduciary duty solely by reason of his/her having caused the account to pay more than the lowest available commission if such person determines in good faith that the

amount of the commission is reasonable in relation to the value of the brokerage and research services provided. The research product or service obtained with soft dollars must provide lawful and appropriate assistance to the adviser in the performance of its investment decision-making responsibilities.

Since there is a conflict of interest when an adviser receives research products or services as a result of allocating brokerage on behalf of clients, advisers are required to disclose soft dollar arrangements to clients. When NAAA uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, NAAA receives a benefit because it does not have to produce or pay for the research, products or services. NAAA may have an incentive to select or recommend a broker-dealer based on its interest in receiving research or other products or services, rather than on the clients' interest in receiving most favorable execution.

If NAAA uses soft dollars in the future, its use will be limited to research products or services that directly assist NAAA in its investment decision-making responsibilities. Broker-dealers who supply NAAA with research products or services may charge higher commissions than those obtainable from other broker-dealers who do not do so. NAAA has internal control procedures to monitor and review its soft dollar practices and to evaluate the reasonableness of brokerage commissions in relation to the value of the brokerage and research services provided, in terms of either a particular transaction or NAAA's overall responsibilities, with respect to accounts as to which NAAA exercises investment discretion.

NAAA anticipates that its clients may pay commissions in return for soft dollar benefits that are higher than those obtainable from other broker-dealers that do not offer comparable levels of service or research products or services. Research furnished by broker-dealers may be used in servicing the accounts of any or all of NAAA's clients, including accounts other than those that pay commissions to the broker-dealers that supplied NAAA with research services.

### **Directed Brokerage**

NAAA does not typically participate in directed brokerage arrangements. Under a directed brokerage arrangement, the client is responsible for directing NAAA to execute all transactions through a specified broker-dealer. No directed brokerage arrangement may be entered into by any NAAA personnel without the Chief Compliance Officer's prior approval. Such an arrangement may be permitted if the following factors are met:

- The client is informed that NAAA's ability to obtain best execution may be hindered by the directed brokerage relationship;
- The client is informed that directing brokerage may cost the client more money and that the client may receive less favorable prices;
- The client is informed that they may lose any benefit from savings on execution costs that NAAA could obtain for its other clients through negotiating for volume discounts (where appropriate) with brokers;

- If the client is a retirement account, NAAA shall assure itself that the directed brokerage arrangement will exclusively benefit the account and any participating beneficiaries.

### **Broker Referrals**

NAAA does not typically direct trades to brokers on the basis of client referrals or solicitations made by such brokers.

### **Wrap Fee Program**

NAAA does not participate in or sponsor a wrap fee program.

### **Aggregation Policy**

In order to minimize execution costs and obtain best execution for clients, trades in the same security transacted on behalf of more than one client may be aggregated (i.e. blocked or bunched), subject to the aggregation being in the best interests of the participating clients and NAAA's obligation to seek best execution. NAAA will aggregate trades, unless it believes that doing so would conflict or otherwise be inconsistent with its duty to seek best execution for the clients and/or the terms of the respective investment advisory contracts and other agreements and understandings relating to the clients for which trades are being aggregated. When NAAA believes that it can effectively obtain best execution for the clients by aggregating trades, it will do so for all clients participating in the trade for which aggregated trades are consistent with the respective investment advisory contracts, investment guidelines, and other agreements and understandings relating to the clients. In the event trades are aggregated, NAAA shall: (i) treat all participating client accounts fairly; (ii) continue to seek best execution; and (iii) ensure that clients who participate in an aggregated order will participate at the same price, net of transaction costs.

When a trade is to be executed for a single client and the trade is not in the best interests of other clients at the time of the transaction, then the trade will be executed only for that client. Other instances in which client orders will not be aggregated include, but are not limited to, the following:

- Traders and/or portfolio managers determine that the aggregation is not appropriate due to market conditions;
- Portfolio managers effect the transactions through an approved client-requested directed-brokerage arrangement (i.e. the same security/investment with different brokers), making aggregation unfeasible; or
- A client directs a purchase or sale transaction not in the best interests of other clients at the time of the transaction.



## **Item 13 – Review of Accounts**

### **Reviews**

NAAA conducts investment reviews of each client account no less frequently than annually. Account reviews are conducted by the appropriate Portfolio Manager in consultation with the Chief Compliance Officer. The review includes an assessment of whether the account is being managed consistent with the client's Investment Objectives and other written directions, whether the account is adhering to regulatory guidelines, whether the account is achieving target asset allocations, how the account matches up against relevant benchmark's and indices, and whether any errors have occurred with respect to the account. In addition, investment performance figures and analytics are generated and reviewed by portfolio management and operations teams to ensure consistency of style and to monitor dispersion. The account is also reviewed to determine whether it is appropriate to use in performance composites.

In addition to the formal review described above, the CIO and CEO will generally hold quarterly performance review meetings with portfolio management. During these meetings, investment performance for each strategy and the relevant underlying investment accounts will be reviewed to ensure each account is performing in accordance with expectations.

In addition to the periodic reviews of client accounts described above, NAAA will also review client accounts on a non-periodic basis upon request or in situations in which NAAA knows that the client has undergone a significant change in circumstances. For example, if a client has a significant contribution into or withdrawal from an account, NAAA will review the client's account to ensure that the account is still meeting the client's goals as identified in the client's Investment Objectives.

### **Reports**

SMA clients generally receive quarterly performance and holdings reports and monthly holdings and transaction reports directly from the client's custodian. Custodian statements contain a holdings list, a listing of all account transactions including contributions and withdrawals, and show all fees that have been debited by the custodian for investment management services and paid to NAAA. NAAA requires that clients provide it with either paper copies of or internet access to such statements through the custodian's website. Generally, no less than quarterly, NAAA will reconcile its record of the client positions to the statements received from the custodian. NAAA will also provide performance reports upon a client's request.

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

NAAA may enter into arrangements with both affiliated and unaffiliated third-party solicitors, to refer prospective advisory clients to NAAA. These arrangements will be structured to comply with Rule 206(4)-3 under the Advisers Act. Such solicitor's compensation may be based on a percentage of the management fees earned by NAAA from the referred client. In the case of affiliated solicitors, referred clients will also receive disclosure about the affiliation between NAAA and such affiliated solicitor.

NAAA does not receive any economic benefit from anyone who is not a client for providing advisory services to clients.

### **Item 15 – Custody**

NAAA does not have custody of client funds, securities or other assets. Clients generally enter into custodial agreements with third parties at the time of opening an SMA and client assets are held by such custodians. NAAA's clients will receive account statements, at least quarterly, directly from their custodian. These statements identify the amount of money in the clients' accounts, each security held at the end of the period, and list all transactions during that period.

SMA clients are urged to review account statements received directly from their custodian and to compare these statements to any statements received from NAAA or an affiliate. Clients are asked to promptly notify NAAA if the custodian fails to provide statements on each account held or if the statements received from the custodian do not match statements received from NAAA.

### **Item 16 – Investment Discretion**

NAAA is generally granted full investment discretion to manage its client's accounts, subject to the client's Investment Objectives, guidelines and restrictions. NAAA works together with each client to establish the client's initial Investment Objectives and to make sure they are tailored to the client's specific needs. During this process and afterward by providing written notice to NAAA, the client may modify the Investment Objectives or impose restrictions on investing in certain securities or certain types of securities. For example, clients may place restrictions on NAAA's ability to use leverage or to invest in specific securities or types of securities. The client's Investment Objectives will be memorialized by NAAA and documented in writing prior to implementation of an investment strategy. NAAA will utilize the Investment Objectives to determine the appropriate target asset allocation and the discretionary management of the client's assets on an ongoing basis. The Investment Objectives will be reviewed and approved by the client at the inception of the relationship and will be reviewed and discussed periodically over time, but no less frequently than annually. Clients must notify NAAA should there be any changes to their financial circumstances, needs, objectives and/or tolerance for risk or other circumstances relevant to management of their account(s).

Before assuming discretionary authority for an SMA, NAAA generally executes a power of attorney, which is normally included in the IMA, with the SMA client pursuant to which NAAA agrees to supervise and direct the investment of the assets in the SMA in accordance with the IMA and client's Investment Objectives for that account.

## **Item 17 – Voting Client Securities**

### **Proxy Voting**

NAAA's Proxy Voting Policies and Procedures set forth the responsibilities of all employees of NAAA with respect to proxy voting on behalf of NAAA's clients who have delegated and authorized NAAA to vote proxies on their behalf. These policies have been adopted by NAAA to ensure that NAAA votes proxies in the best interests of its clients. Pursuant to these policies, NAAA has appointed a Proxy Voting Officer who is responsible for overseeing the development and implementation of internal policies, procedures and controls, monitoring compliance, and providing training with respect to proxy voting on behalf of our clients. The Proxy Voting Officer is also responsible for administering proxy information, voting proxies, and the proper recording of proxy votes.

Where NAAA has been delegated the responsibility for voting proxies, it will take reasonable steps under the circumstances to ensure that proxies are received and voted in the best long-term interests of its clients. This generally means voting proxies with a view to enhancing the value of the securities held in client accounts, considering all relevant factors and without giving undue weight to the opinions of other individuals or groups who may have an economic interest in the outcome of the proxy vote. NAAA's authority is initially established in the IMA. Clients, however, may change their proxy voting direction at any time by providing written notice to NAAA.

The financial interest of NAAA's clients is the primary consideration in determining how proxies should be voted. Any material conflicts of interest between NAAA and its clients with respect to proxy voting are resolved in the best interests of the clients as described later in this Item.

NAAA utilizes the services of an outside proxy voting firm, Institutional Shareholder Services Inc. ("ISS"), to act as agent for the proxy process, to maintain records on proxy votes for its clients, and to provide independent research on corporate governance, proxy and corporate responsibility issues. The proxy voting guidelines are set forth in the ISS guidelines that NAAA uses in voting specific proposals. Absent specific client directions or conflicts of interest, NAAA will usually vote proxies in accordance with ISS's recommendations. However, NAAA may deviate from the ISS guidelines if the client so requests, if it is determined to be in the best interest of the client, or if required to deviate under applicable law, rule or regulation. If a proposal is voted contrary to the ISS guidelines, the reasons will be documented in writing by the Proxy Voting Officer and retained in the NAAA's records. The manner in which specific proposals are to be voted may differ based on the type of client account.

The guidelines apply whether the issuer, a third party, or both solicit the client's vote. For example, if an activist investor solicits NAAA to vote against management on a certain issue, NAAA will consult the guidelines and determine whether to vote the proxy in accordance with the guidelines or, if the guidelines are contrary to the activist's position, whether to vote in accordance with the recommendation of the activist investor.

In the absence of contrary instructions received from NAAA, ISS will vote proxies in accordance with the ISS guidelines, as such guidelines may be revised from time to time. ISS will employ these guidelines based on account set-up instructions received from NAAA. ISS will notify NAAA of all proxy proposals that do not fall within the ISS guidelines (i.e., proposals which are either not addressed in the ISS guidelines or proposals for which NAAA has indicated that a decision will be made on a case-by-case basis).

## **Conflicts of Interest**

NAAA occasionally may be subject to conflicts of interest in the voting of proxies due to relationships it maintains with persons having an interest in the outcome of particular votes. Common examples of conflicts in the voting of proxies are: (a) NAAA or an NAAA affiliate provides or is seeking to provide services to the company on whose behalf proxies are being solicited, or (b) an employee of NAAA or its affiliate has a personal relationship with the company's management or another proponent of a proxy issue. NAAA's Proxy Voting Officer and Chief Compliance Officer will determine whether a material conflict of interest exists. If a material conflict of interest exists, the Proxy Voting Officer and Chief Compliance Officer will consult representatives of senior management (and legal counsel, as necessary) to determine how to vote the proxy consistent with the procedures below.

If the guidelines direct that proxies should be voted in a certain manner (e.g., vote against staggered boards), then NAAA will vote such proxies according to the guidelines. In the absence of established guidelines (e.g., in instances where there are no guidelines, or the guidelines provide for a "case-by-case" review), NAAA may vote a proxy regarding that proposal in any of the following ways:

- Refer Proposal to the Client – NAAA may refer the proposal to the client and obtain instructions from the client on how to vote the proxy relating to that proposal.
- Obtain Client Ratification – If NAAA is in a position to disclose the conflict to the client (i.e., such information is not confidential), NAAA may determine how it proposes to vote the proposal on which it has a conflict, fully disclose the nature of the conflict to the client, and obtain the client's consent for how NAAA will vote on the proposal.
- Use an Independent Third Party for All Proposals – Subject to any client-imposed proxy voting policies, NAAA may vote all proposals in a proxy according to the policies of an independent third party (or to have the third party vote such proxies).
- Use an Independent Third Party to Vote the Specific Proposals that Involve a Conflict – Subject to any client imposed proxy voting policies, NAAA may use an independent third party to recommend how the proxy for specific proposals that involve a conflict should be voted (or to have the third party vote such proxies).
- Abstaining.

The method selected by NAAA to resolve the conflict may vary from one instance to another depending upon the facts and circumstances of the situation, but in each case, consistent with its duty of loyalty and care.

### **Obtaining Proxy Voting Information**

Clients may request information regarding how NAAA voted with respect to their securities, or may request a copy of NAAA's Proxy Voting Policies and Procedures, by sending a written request to:

New Age Alpha Advisors, LLC  
Attn: Proxy Voting Officer  
555 Theodore Fremd Avenue  
Suite A-101  
Rye, NY 10580

### **Corporate or Legal Actions**

Corporate actions, such as rights offerings, tender offers, and stock splits or actions initiated by holders of a security rather than the issuer (such as reset rights for a CLO) or legal actions, such as bankruptcy proceedings or class action lawsuits, are outside the scope of proxy voting. Corporate and legal actions involve decisions about a security itself, rather than decisions about the governance of the security's issuer. NAAA does not provide legal advice; however, NAAA will work with the client to gather relevant information and assist the client in determining how to respond to a corporate or legal action about which they are notified. In arriving at a determination, the client may need to enlist the assistance of lawyers, professional advisors, and consultants, as necessary or appropriate.

### **Item 18 – Financial Information**

NAAA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and thus has not included a balance sheet for its most recent fiscal year. NAAA is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients. Additionally, NAAA has not been the subject of a bankruptcy proceeding.