

## **Item 1 – Cover Page**

**Lobscouser II, LLC**  
**Doing Business as Aquilant Advisors**  
555 Maryville University Dr., Suite 440  
Town and Country, MO 63141  
314-309-2078

Date of Disclosure Brochure: June 2019

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This disclosure brochure provides information about the qualifications and business practices of Lobscouser II, LLC (also referred to as we, us and Aquilant Advisors throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Steven Farris at 314-309-2078 or [steven@aquilantadvisors.com](mailto:steven@aquilantadvisors.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Aquilant Advisors is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Lobscouser II, LLC or our firm's CRD number 282953.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last disclosure brochure dated February 2019 was filed, the material changes made to this disclosure brochure are:

- We have now reached the amount of assets under management necessary to register with the Securities and Exchange Commission (SEC). Please see Item 4 – Advisory Business for additional information.

In the future, this item will discuss only specific material changes that are made to the disclosure brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of this disclosure brochure.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

Aquilant Advisors is an investment adviser registered with the SEC and is a limited liability company (LLC) formed under the laws of the State of Missouri.

- Steven Farris is the Managing Member and 100% owner of Aquilant Advisors. Full details of the education and business background of Steven Farris are provided at *Item 19* of this Disclosure Brochure.
- Aquilant Advisors filed its initial application to become registered as an investment adviser in February 2016.

### **Introduction**

The investment advisory services of Aquilant Advisors are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Aquilant Advisors (referred to as your investment adviser representative throughout this brochure).

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Aquilant Advisors. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Aquilant Advisors before we can provide you the services described below.

#### **Asset Management Services**

Aquilant Advisors offers asset management services, which involves Aquilant Advisors providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable

restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### **Asset Mark Platform**

Aquilant Advisors may offer advisory services to Clients by selecting the AssetMark Platform. For more information regarding the AssetMark Platform, refer to AssetMark Platform Disclosure Brochure.

The minimum investment required on the AssetMark Platform depends upon the Investment Solution chosen for a Client's account and is generally for Mutual Fund and \$100,000 for ETF Accounts, and from \$50,000 to \$500,000 for Privately Managed and Unified Managed Accounts, depending on the investment strategy selected for the account. These minimums are described in more detail in the AssetMark Platform Disclosure Brochure. Accounts below the stated minimums may be accepted on an individual basis at the discretion of AssetMark.

### **Financial Planning & Consulting Services**

Aquilant Advisors offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. Financial planning services are offered by Aquilant Advisors on an 'a la carte' basis depending on the client requests. However, if clients want Aquilant Advisors to prepare a comprehensive plan and/or assess their investment objectives and risk profile through a detailed questionnaire and/or interview process to determine the suitability of investment in a particular model(s) Aquilant Advisors will offer the financial planning service against a separate fee. Aquilant Advisors provides full written financial plans, which typically address the following topics: Investment Planning, Retirement Planning, Tax Planning, Portfolios Review, and Asset Allocation.

**Investment Planning** – Aquilant Advisors prepares an Investment Policy Statement (IPS) with detailed review of client's overall investment objective, return requirements, risk tolerance, time horizon, liquidity needs, tax preference and unique circumstances. The IPS outlines the investment philosophy, asset allocation plan, investment selection criteria and monitoring procedures. The IPS is normally updated on a yearly basis unless there is a change in client's personal circumstance which would require an interim update. Investment planning can take anywhere between six to forty hours depending upon the client's profile and circumstances

**Retirement Planning** – Aquilant Advisors determines retirement income goals and gathers information about potential sources of retirement. Aquilant Advisors creates a unified and comprehensive retirement plan covering assets, income, taxation, inheritance and risk management. A long-term asset management plan is structured considering economic environment and inflationary conditions, tax minimization strategy, uncertainty and market volatility. Retirement planning services include research, financial modeling and mathematical simulation to identify adequacy of client's investment to attain retirement readiness, and to clarify strategic choices and actions. Retirement planning can take anywhere between twenty to fifty hours depending upon the client's profile and circumstances.

**Tax Planning** – Aquilant Advisors works with third party tax / accounting advisor(s) to align financial goals with tax efficiency planning. Tax planning would encompass many different aspects e.g. selection of investment options and types of retirement plans, timing of income and capital growth as well as tax lot selection for investment transactions within client's portfolio. Tax planning services would include recommendations on tax reduction strategies based on income, expenses, individual needs and goals. Clients can also choose to use their existing tax / accounting advisor(s). The fee arrangement with an outside professional is described in the section 'Other Fee Terms for Financial Planning, Institutional Advisory & Consulting Services'. Tax planning can take anywhere between fifteen to forty hours depending upon the client's profile and circumstances.

**Portfolio Review and Asset Allocation** – Aquilant Advisors researches clients' existing portfolios and underlying investments to determine the asset class mix, return profile and risk characteristics. Aquilant Advisors also determines broad asset allocation objectives based on the Investment Policy Statement (IPS). An Efficient Frontier is constructed to develop an optimized portfolio based on the constraints indicated in the IPS, and underlying investments (e.g. stocks, bonds, ETFs, mutual funds) are selected using quantitative screens and qualitative review. Aquilant Advisors also analyzes return, risk and modern portfolio statistics and runs mathematical simulation, wherever necessary, to identify the adequacy of the portfolio against client's investment objectives and risk tolerance. Portfolio Review and asset allocation can take anywhere between twenty to sixty hours depending upon the client's profile and circumstances.

When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. Written financial plans prepared by us do not include specific recommendations of individual securities.

We also offer consultations in order to discuss financial planning issues when you do not need a written financial plan. We offer a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. We also offer "as-needed" consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an "as-needed" consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through Aquilant Advisors or retain Aquilant Advisors to actively monitor and manage

your investments, you must execute a separate written agreement with Aquilant Advisors for our asset management services.

### **Educational Seminars/Workshops**

Aquilant Advisors may occasionally provide seminars/workshops in areas such as financial planning, retirement planning, estate planning, college planning and charitable planning. Seminars/ workshops are always offered on an impersonal basis and do not focus on the individual needs of participants.

### **Limits Advice to Certain Types of Investments**

Aquilant Advisors provides investment advice on the following types of investments:

- Exchange Traded Funds (ETFs)
- Mutual Funds
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Foreign Issues
- Warrants
- Corporate Debt Securities
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Variable Life Insurance
- US Government Securities
- Options Contracts on Securities

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

Aquilant Advisors' advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We

work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

#### **Client Assets Managed by Aquilant Advisors**

As of December 18, 2018, Aquilant Advisors has \$123,189,604 in assets under management. \$91,247,163 is managed on a discretionary basis and \$31,942,441 is managed on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Aquilant Advisors.

#### **Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of a billing period, then the prorated fee for that billing period is based on the value of the account when services are commenced and is due immediately and will be billed when services commence.

The asset management services continue in effect until terminated by either party (i.e., Aquilant Advisors or you) by providing written notice of termination to the other party. Any prepaid, unearned fees will be promptly refunded by Aquilant Advisors to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

The annual fee for asset management services will range up to 2.25%

#### **AUM based Fee Schedule for Clients**

<b>Portion of the Account that is At least</b>	<b>But Less Than</b>	<b>Fee at this Tier</b>
0	\$500,000	2.25%
\$500,000	\$750,000	2.0%
\$750,000	1,000,000	1.75%
Over \$1,000,000	Negotiable	



Fees charged for our asset management services are negotiable based on the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

The amount of the asset management fee charged to your account will be specified in your Client Agreement with Aquilant Advisors.

Aquilant Advisors believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

#### ***Additional Fee Charges for Asset Management Services***

In addition to Management Fees, Clients will incur commissions or transaction-based fees charged by the qualified custodian for security transactions within their account. Aquilant Advisors' management fee will not be reduced to offset any commissions charged to the Client. Clients are under no obligation to act upon our recommendations, if the client elects to act on any of the recommendations; they are under no obligation to affect the transaction through our firm and are free to transact business with any firm they may choose. Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Aquilant Advisors does not receive any portion of such commissions or fees from you or the qualified custodian. Therefore, there is no conflict of interest created.

In addition, you may incur certain charges imposed by third parties other than Aquilant Advisors in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Aquilant Advisors does not receive any transaction-based compensation from activity in your managed account.

Management fees charged by Aquilant Advisors are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

## **Asset Mark Platform**

Fees and compensation for using the AssetMark Platform, are provided in more detail in the AssetMark Platform Disclosure Brochure. Discretionary Manager Fee schedules are included in the Client Billing Authorization or the Appendix A to the Client Service Agreement.

The fees applicable to each Account on the AssetMark Platform may include:

1. Financial Advisor Fee,
2. Combined Platform Fee, which will now include the Custody Fee and any Strategist or Manager Supplemental Fee, if applicable,
3. Initial Consulting Fees;

Other fees for special services may also be charged. The Client should consider all applicable fees. [Provide your fee schedule applicable to accounts under the AssetMark Platform, not to exceed 1.95%] Client fees are payable quarterly, in advance, based on assets under management. Clients may terminate AssetMark accounts at any time and receive a full pro-rata refund of any unearned fees.

## **Financial Planning Services**

Fees charged for our financial planning services are negotiable based upon the type of client, the services requested, the complexity of the client's situation, the composition of the client's account, other advisory services provided and the relationship of the client and the investment adviser representative. The following are the fee arrangements available for financial planning services offered by Aquilant Advisors.

### ***Fees for Financial Planning Services***

Aquilant Advisors provides financial planning services under an hourly fee arrangement. An hourly fee of \$250 per hour is charged by Aquilant Advisors for financial planning services under this arrangement. Before commencing financial planning services, Aquilant Advisors provides an estimate of the approximate hours needed to complete the requested financial planning services. If Aquilant Advisors anticipates exceeding the estimated amount of hours required, Aquilant Advisors will contact you to receive authorization to provide additional services. You will pay in advance a mutually agreed upon retainer that will be available for Aquilant Advisors to bill hourly fees against for our financial planning services; however, under no circumstances will Aquilant Advisors require you to pay fees more than \$500 more than six months in advance. The standard billing dates and events of Aquilant Advisors are the following: (1) the first business day of each month; (2) the date when incurred hourly fees and expenses will cause the retainer balance to be depleted to zero; (3) the date or thereafter that Aquilant Advisors substantially provides the agreed upon services; and (4) the date the engagement is terminated by either you or Aquilant Advisors. Upon presentment of the invoice to you, Aquilant Advisors will deduct the hourly fees due Aquilant Advisors against your current retainer balance and you are required to pay immediately Aquilant Advisors any outstanding balance of hourly fees due.

The financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination.

You may terminate the financial planning services within five (5) business days of entering into an agreement with Aquilant Advisors without penalty or fees due. If you terminate the financial planning services after five (5) business days of entering into an agreement, you will be responsible for immediate payment of any financial planning services performed by Aquilant Advisors prior to the receipt by Aquilant Advisors of your notice. For financial planning services performed by Aquilant Advisors under an hourly arrangement, you will pay Aquilant Advisors for any hourly fees incurred at the rates described above. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Aquilant Advisors to you.

### ***Other Fee Terms for Financial Planning Services***

You may pay the investment advisory fees owed for the financial planning services by having the fee deducted from an existing investment account.

If you elect to pay by automatic deduction from an existing investment account, you will provide written authorization to Aquilant Advisors for such charge.

You should notify Aquilant Advisors within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

To the extent Aquilant Advisors engages an outside professional (i.e. attorney, independent investment adviser or accountant) while providing financial planning services to you, Aquilant Advisors will be responsible for the payment of the fees for the services of such an outside professional, and you will not be required to reimburse Aquilant Advisors for such payments. To the extent that you personally engage such an outside professional, you will be responsible for the payment of the fees for the services of such an outside professional, and Aquilant Advisors will not be required to reimburse Client for such payments. Fees for the services of an outside professional (i.e. attorney, independent investment adviser or accountant) will be in addition to and separate from the fees charged by Aquilant Advisors, and you will be responsible for the payment of the fees for the services of such an outside professional. In no event will the services of an outside professional be engaged without your express approval.

All fees paid to Aquilant Advisors for services are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to Aquilant Advisors and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

If you elect to have your investment adviser representative, in his or her separate capacity as an insurance agent, implement the recommendations of Aquilant Advisors, your investment adviser representative at his or her discretion may waive or reduce the investment advisory fee charged for these services by the amount of the commissions received by your investment adviser representative as an insurance agent. Any reduction of the investment advisory fee will not exceed 100% of the insurance commission received.

All fees paid to Aquilant Advisors for advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in

each mutual fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

All fees paid to Aquilant Advisors for financial planning services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

It should be noted that lower fees for comparable services may be available from other sources.

### **Educational Seminars/Workshops**

No fees are charged for seminars/workshops.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

## **Item 7 – Types of Clients**

Aquilant Advisors generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with Aquilant Advisors specifying the particular advisory services in order to establish a client arrangement with Aquilant Advisors.

### **Minimum Investment Amounts Required**

There is a \$25,000 minimum investment amounts for establishing a retirement account managed by Aquilant Advisors. There is no minimum for establishing a non-retirement account managed by Aquilant Advisors. All clients are required to execute an agreement for services in order to establish a client arrangement with Aquilant Advisors.

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

### **Methods of Analysis**

Aquilant Advisors uses the following methods of analysis in formulating investment advice:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment

of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Quantitative Analysis - a business or financial analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically. Quantitative analysis can be done for a number of reasons such as measurement, performance evaluation or valuation of a financial instrument. It can also be used to predict real world events such as changes in a share price.

There are risks involved in using any analysis method.

To conduct analysis, Aquilant Advisors gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

### **Investment Strategies**

Aquilant Advisors uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.

Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

### **Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks 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. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing out and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

In advising retail clients of Aquilant Advisors investing in AssetMark Platform, Aquilant Advisors may select from mutual funds, Exchange Traded Funds (ETF's), and other investment solutions offered on the Platform. These solutions are provided by a number of institutional investment strategists and based on the information, research, asset allocation methodology and investment strategies of these institutional strategists, including AssetMark.

Aquilant Advisors also introduces clients to, and advises on the selection of, independent investment managers who provide discretionary management of individual portfolios using a variety of different securities analysis methods, sources of information and investment strategies. Clients will receive a separate disclosure brochure from these investment managers regarding their investment advisory services.

With respect to clients investing in the AssetMark Platform, Aquilant Advisors introduces clients to, and advises on the selection of, independent investment managers who provide discretionary management of individual portfolios including a wide variety of security types. Clients will receive a separate disclosure from such investment managers regarding any such investment manager's advisory services

## **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.



## Item 10 – Other Financial Industry Activities and Affiliations

Aquilant Advisors is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

### **Registered Representative of a Broker-Dealer**

Our representatives are also registered representatives of Cambridge Investment Research, Inc., a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of Cambridge Investment Research.

As a result of this relationship, Cambridge Investment Research, Inc. may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients of Aquilant Advisors, even if a client does not establish any account through Cambridge Investment Research, Inc. If you would like a copy of the privacy policy of Cambridge Investment Research, Inc., please contact your investment adviser representative.

When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use Cambridge Investment Research, Inc. and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Cambridge Investment Research. Prior to effecting any such transactions, you are required to enter into a new account agreement with Cambridge Investment Research, Inc. The commissions charged by Cambridge Investment Research, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **Insurance Agent**

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent may suggest that you implement recommendations of Aquilant Advisors by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

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

### **Code of Ethics Summary**

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Aquilant Advisors has adopted the CFA Institutes' Code of Ethics and Practice Standards to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. Aquilant Advisors' Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Aquilant Advisors requires its supervised persons to consistently act in your best interest in all advisory activities. Aquilant Advisors imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Aquilant Advisors. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Aquilant Advisors or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of Aquilant Advisors that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. Aquilant Advisors and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members

(collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Aquilant Advisors.

Any associated person not observing our policies is subject to sanctions up to and including termination.

## **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of Aquilant Advisors. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered.

### **Brokerage Recommendations**

Aquilant Advisors may recommend/require that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (“Schwab”), or National Financial Services, Corp.(NFS) FINRA-registered broker-dealers and Members of SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. Although Aquilant Advisors may recommend/require the clients establish accounts at Schwab or NFS, it is the client’s decision to custody assets with any

custodian. Aquilant Advisors is independently owned and operated and not affiliated with Schwab or NFS. Aquilant Advisors may recommend additional unaffiliated broker-dealers to affect fixed income transactions.

Schwab and NFS may provide Aquilant Advisors with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained at Schwab Institutional or NFS. These services are not contingent upon Aquilant Advisors committing any specific amount of business (assets in custody or trading commissions) with any custodian. Schwab and NFS' brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require significantly higher minimum initial investment.

For Aquilant Advisors' clients' accounts maintained in its custody, Schwab and NFS generally do not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or NFS or that settle into their accounts. Schwab Institutional and NFS also makes available to Aquilant Advisors other products or services that benefit Aquilant Advisors but may not directly benefit clients' accounts. Many of these products and services may be used to service all or some substantial number of Aquilant Advisors' accounts, including accounts not maintained at Schwab or NFS.

Schwab and NFS' products and services that assist Aquilant Advisors in managing and administering clients' accounts include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Aquilant Advisors' fees from some of its accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional and NFS also offers other services intended to help Aquilant Advisors manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab Institutional or NFS may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to Aquilant Advisors. Schwab Institutional and NFS may also provide other benefits such as educational events or occasional business entertainment of Aquilant Advisors personnel. While as a fiduciary, Aquilant Advisors endeavors to act in its clients' best interests, Aquilant Advisors' recommendation that clients maintain their assets in accounts at Schwab or NFS may take into account availability of some of the foregoing products and services and other arrangements not solely on the nature of cost or quality of custody and brokerage services provided by Schwab or NFS, which creates a conflict of interest.

If we assist you in the implementation of any recommendations, Charles Schwab and/or National Financial Services will be used as the broker/dealer for your account. Aquilant Advisors is independently owned and operated and not affiliated with Charles Schwab and National Financial Services.

owned and operated and not affiliated with Charles Schwab and National Financial Services.

## **Asset Mark Program**

Aquilant Advisors assists the client in selecting the risk/return objective and Portfolio Strategists that best suit the client's objectives. The client then specifically directs the account to be invested in accordance with the chosen investment solution. When the client selects the investment solutions, the client further directs that the account be automatically adjusted to reflect any adjustment in the asset allocation by the selected Portfolio Strategist. This client authorization results in the purchase and sale of certain mutual funds or ETFs (or transfers between variable annuity sub-accounts) without further authorization by the client or any other party at such time as the Portfolio Strategist changes the composition of the selected model asset allocation.

The client receives confirmation of all transactions in the account and is free to terminate participation in the Platform and retain or dispose of any assets in the account at any time. Aquilant Advisors has no authority to cause any purchase or sale of securities in any client account, or change the selected model asset allocation or to direct the account to be invested in any manner other than as previously authorized by the client.

If a client selects an IMA, UMA or CMA investment solution, the thirdparty Discretionary Managers are granted the authority to manage the accounts on a discretionary basis, including the authority to buy, sell, select, remove and select securities and other investments for the account, and to select broker-dealers

## **Directed Brokerage**

Clients are allowed to select the broker-dealer that will be used for their accounts. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by Aquilant Advisors after effecting trades for other clients of Aquilant Advisors. In the event that a client directs Aquilant Advisors to use a particular broker or dealer, Aquilant Advisors may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Aquilant Advisors to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

## **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

Aquilant Advisors does not have a soft dollar agreement with a broker-dealer or a third-party.

## **Handling Trade Errors**

Aquilant Advisors has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Aquilant Advisors to correct trade errors in a manner that is in the best interest of the client. In cases where the

client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by Aquilant Advisors if the error is caused by Aquilant Advisors. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. Aquilant Advisors may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

Aquilant Advisors will never benefit or profit from trade errors.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Aquilant Advisors believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Aquilant Advisors uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. Aquilant Advisors will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Aquilant Advisors or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

### **Agency Cross Transactions**

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

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## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Steven Farris, with reviews performed in accordance with your investment goals and objectives.

### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian. Additionally, Aquilant Advisors may provide position or performance reports to you quarterly and upon request.

Investors participating in the AssetMark Platform will receive periodic custodial account statements (not less frequently than quarterly) from their account Custodian.

You are encouraged to always compare any reports or statements provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

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

Aquilant Advisors does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Aquilant Advisors receives no other forms of compensation in connection with providing investment advice.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **AssetMark Program**

With respect to the AssetMark Platform, Aquilant Advisors may, subject to negotiation with AssetMark, receive certain allowances, reimbursements or services from AssetMark in connection with Aquilant Advisors's investment advisory services to its clients, as described below and in further detail in the Appendix 1 of the AssetMark Platform Disclosure Brochure.

Under AssetMark's Business Development Allowance program, Aquilant Advisors may receive a quarterly business development allowance for reimbursement of qualified marketing/practice development

expenses incurred by the Financial Advisor. These amounts vary depending on the value of the assets on the AssetMark Platform held by Clients of the Financial Advisor.

#### ***Marketing Support for Adviser***

Aquilant Advisors may enter into marketing arrangements with AssetMark whereby the Aquilant Advisors receives compensation and/or allowances in amounts based either upon a percentage of the value of new or existing Account assets of Clients referred to AssetMark by Aquilant Advisors, or a flat dollar amount.

#### ***Direct and Indirect Support for Adviser***

AssetMark may sponsor annual conferences for participating Financial Advisory Firms and/or Financial Advisors designed to facilitate and promote the success of the Financial Advisory Firm and/or Financial Advisor and/or AssetMark advisory services.

#### ***Discounted Fees for Financial Advisors***

Financial Advisors may receive discounted pricing from AssetMark for practice management and marketing related tools and services.

#### ***Community Inspiration Award***

AssetMark offers the Community Inspiration Award to honor selected Financial Advisors across the US who have inspired others by supporting charitable organizations in their communities. AssetMark will make a cash donation, subject to the published rules governing the program, to the Aquilant Advisors's nominated charity in accordance with guidelines as outlined in the AssetMark Platform Disclosure Brochure

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Aquilant Advisors is deemed to have custody of client funds and securities whenever Aquilant Advisors is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Aquilant Advisors will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Aquilant Advisors is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing,



the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Aquilant Advisors. When clients have questions about their account statements, they should contact Aquilant Advisors or the qualified custodian preparing the statement.

When fees are deducted from an account, Aquilant Advisors is responsible for calculating the fee and delivering instructions to the custodian. At the same time Aquilant Advisors instructs the custodian to deduct fees from your account; Aquilant Advisors will send you an invoice itemizing the fee. Itemization will include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

### **AssetMark Program**

With regard to the AssetMark Platform, Aquilant Advisors does not provide custodial services to its clients. Client assets are held with banks, financial institutions or registered broker-dealers that are "qualified custodians." Clients will receive statements directly from the qualified custodians at least quarterly. We urge clients to carefully review those statements and compare the custodial records to the reports that we provide them. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

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

When providing asset management services, Aquilant Advisors maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power

granted to Aquilant Advisors so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Client will grant Aquilant Advisors discretionary authority (without first consulting with Client) to establish and/or terminate a relationship with a Sub-Adviser for purposes of managing the Account or a portion of the Account determined by Aquilant Advisors. Client will also grant the Sub-Adviser selected by Aquilant Advisors with the discretionary authority (in the sole discretion of the Sub-Adviser without first consulting with Client) to make all decisions to buy, sell or hold securities, cash or other investments for such portion of the Account managed by the Sub-Adviser. Client will also grant the Sub-Adviser selected by Aquilant Advisors with the power and authority to carry out these decisions by giving instructions, on behalf of Client, to brokers and dealers and the qualified custodian(s) of the Account. Client authorizes Aquilant Advisors to provide a copy of this Agreement to the qualified custodian or any broker or dealer, through which transactions will be implemented on behalf of Client, as evidence of Sub-Adviser's authority under this Agreement.

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

### **Proxy Voting**

Aquilant Advisors votes proxies on behalf of all Clients.

### **Class Action Lawsuits**

You retain the right under applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. Aquilant Advisors does not initiate such a legal proceeding on behalf of clients and does not provide legal advice to clients regarding potential causes of action against such a security issuer and whether the client should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.

## **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. Aquilant Advisors does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Aquilant Advisors has not been the subject of a bankruptcy petition at any time.

## **Business Continuity Plan**

Aquilant Advisors has a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or the operations of a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes the following:

- Alternate locations to conduct business;
- Hard and electronic back-ups of records;
- Alternative means of communications with employees, clients, critical business constituents and regulators; and
- Details on the firms' employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

## **Customer Privacy Policy Notice**

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to non-affiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Aquilant Advisors does not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

Aquilant Advisors is committed to safeguarding the confidential information of its clients. Aquilant Advisors holds all personal information provided by clients in the strictest confidence and it is the objective of Aquilant Advisors to protect the privacy of all clients. Except as permitted or required by law, Aquilant Advisors does not share confidential information about clients with non-affiliated parties. In the event that there were to be a change in this policy, Aquilant Advisors will provide clients with written notice and clients will be provided an opportunity to direct Aquilant Advisors as to whether such disclosure is permissible.

To conduct regular business, Aquilant Advisors may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to Aquilant Advisors
- Information about the client's transactions implemented by Aquilant Advisors or others
- Information developed as part of financial plans, analyses or investment advisory services

To administer, manage, service and provide related services for client accounts, it is necessary for Aquilant Advisors to provide access to customer information within the firm and to non-affiliated companies, with whom Aquilant Advisors has entered into agreements. To provide the utmost service, Aquilant Advisors may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on Aquilant Advisors' behalf.

- Information Aquilant Advisors receives from the client on applications (name, Social Security number, address, assets, etc.)
- Information about the client's transactions with Aquilant Advisors or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Aquilant Advisors

Since Aquilant Advisors shares non-public information solely to service client accounts, Aquilant Advisors does not disclose any non-public personal information about Aquilant Advisors' customers or former customers to anyone, except as permitted by law. However, Aquilant Advisors may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that Aquilant Advisors has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, Aquilant Advisors will allow its clients the opportunity to opt out of such disclosure