

**Item 1: Cover Page**

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

March 29, 2022

**Premise Capital, LLC**

SEC File No. 801-74819

**Main Office**

1144 Stonehaven Circle  
Aurora, IL 60504

**Mailing Address**

Premise Capital, LLC  
c/o Britton Reynolds  
1401 Nishishin Trail  
Monona, WI 53716

phone: 815.729.2455

email: [j.rolence@premisecapital.com](mailto:j.rolence@premisecapital.com)

website: [www.premisecapital.com](http://www.premisecapital.com)

This brochure provides information about the qualifications and business practices of Premise Capital, LLC. If you have any questions about the contents of this brochure, please contact [j.rolence@premisecapital.com](mailto:j.rolence@premisecapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

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

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. The firm has made the no material changes since the last update of this disclosure statement issued on August 10, 2021.

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## Item 4: Advisory Business

### A. Description of Your Advisory Firm

Premise Capital, LLC ("Premise Capital" and/or "the firm"), an Illinois limited liability company, is an investment management firm and is contracted as a sub-adviser to various third-party investment advisers. Premise Capital uploads model portfolios to the third-party investment adviser, which then makes available to other investment advisers who have subscribed to the third-party investment adviser's investment platform. Premise Capital offers model portfolios that include securities and strategies as itemized in Item 8 of this Brochure.

Premise Capital is principally owned by the Reynolds Financial Group and Jason Rolence. Premise Capital has been providing services since June 2012.

### B. Description of Advisory Services Offered

Premise Capital is an independent investment management firm providing asset management services as a sub-adviser to third-party investment advisers, who then offer such model portfolios to registered investment adviser firms subscribing to the third-party investment adviser's investment platform. Premise Capital also acts as a Section 3(38) ERISA discretionary asset manager and will provide such services as an asset manager alternative on the American Trust 401(k) platform. Refer to Item 10.C. for additional disclosure on American Trust.

#### B.1. Portfolio Management Services

Premise Capital's portfolio management services are generally offered through third-party investment advisers on a sub-advised basis. Premise Capital also acts as a Section 3(38) ERISA discretionary asset manager and will provide such services as an asset manager alternative on various third-party sponsored 401(k) platforms. In addition, Premise Capital may offer its investment management services directly to an individual on a separate account managed basis. Clients may access Premise Capital solely through a third-party investment adviser approved to conduct business on a particular custodian investment advisory platform. Other than for clients accessing Premise Capital directly, responsibility for determining whether or not Premise Capital's investment management services are appropriate for a particular client is vested exclusively with the third-party investment adviser.

##### B.1.a. Model Portfolio Strategies

Premise Capital offers six different model portfolios on either an unhedged or hedged basis. Hedged programs. Four of the six models will be dynamically allocated, combining a long-term buy and hold component and a tactical component. The remaining two models are for clients who are looking for additional return and willing to assume a higher level of risk to achieve those returns. Each of the four models (conservative, balanced, growth, and aggressive) will have a qualified and non-qualified model. Premise Capital may use one or more of the following investments in its model portfolios:

- Equities

- Domestic
- Foreign
- Exchange-traded funds
- Exchange-traded notes
- Fixed income
  - Corporate
  - Government
- Mutual funds

The models are further discussed below:

- Conservative – This model will be benchmarked to the Morningstar Target Conservative Risk Index. The equity exposure will generally be between 0% and 30%, but the portfolio manager reserves the right to increase or decrease equity exposure depending upon market and economic conditions.
- Balanced – This model will be benchmarked to the Morningstar Target Moderately Conservative Index. The equity exposure will generally be between 20% and 50% with a target of 40%, but the portfolio manager reserves the right to increase or decrease equity exposure depending upon market and economic conditions.
- Growth – This model will be benchmarked to the Morningstar Target Risk Moderate Index. The equity exposure will generally be between 30% and 70% with a target of 60%, but the portfolio manager reserves the right to increase or decrease equity exposure depending upon market and economic conditions.
- Aggressive – This model will be benchmarked to the Morningstar Target Risk Moderately Aggressive Index. The equity exposure will generally be between 40% and 90% with a target of 80%, but the portfolio manager reserves the right to increase or decrease equity exposure depending upon market and economic conditions.
- Alternative Investment – This model will consist of public, liquid ETFs and mutual funds that closely mirror alternative investment strategies such as long/short funds, convertible arbitrage, indexed managed futures, managed volatility, and similar type funds that are chosen specifically for their risk/return/non-correlation characteristics to traditional asset classes.
- Tactical – This model will be benchmarked as an alternative or absolute return portfolio and can vary in equity exposure from 0% to 100% depending upon the portfolio manager's view of current and expected economic and market conditions.

Premise Capital may utilize its proprietary Premise Capital Frontier Advantage Diversified Tactical ETF ("TCTL" or ETF) in its model portfolios. Please be advised this activity creates a conflict of interest in that Premise Capital has an economic incentive to utilize TCTL in its model portfolios because (i) Premise Capital earns an internal advisory fee for the ETF and, (ii) Premise Capital's use of ETF creates the appearance of greater distribution and higher demand for its proprietary fund. To mitigate this conflict, Premise Capital waives the advisory fee for the portion of the model(s) utilizing TCTL.

## **B.2. Fund Portfolio Management**

Premise Capital serves as the investment manager to the Premise Capital Frontier Advantage Diversified Tactical ETF (the "fund"), and continuously manages the fund assets based on the investment goals and objectives as outlined in the fund's Prospectus and Statement of Additional Information ("SAI").

## **B.3. Consulting Services**

Premise Capital may provide investment consulting services to other investment advisers and broker-dealers. Such services may involve reviewing portfolios, attending meetings with the adviser and adviser's client(s), and performing such other investment services as specifically negotiated under a separate agreement.

## **C. Client-Tailored Services and Client-Imposed Restrictions**

Premise Capital may develop customized portfolio holdings for the client. Clients select a category of risk based on an assessment of their individual risk tolerance and investment objectives, to which one or more model portfolios are then correlated. Clients may, however, impose reasonable restrictions on the management of their accounts—for example, restricting the type or amount of security to be purchased in the portfolio.

## **D. Wrap Fee Programs**

Premise Capital does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

## **E. Client Assets Under Management**

As of December 31, 2021, Premise Capital had \$76,147,928 of discretionary assets under management, and \$0 of assets under advisement.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Sub-advisor - Portfolio Management Fees for Standard Model Portfolios (inclusive of ERISA 3(38) Discretionary Asset Management Accounts)

For clients who also retain the firm to provide portfolio management services, Premise Capital's fee schedule is computed on the basis of the market value of the client's portfolio assets, payable either in arrears or advance, and computed on the last business day of the preceding quarter. The quarterly fee is charged at one-fourth the annual rate specified below. Premise Capital's fee schedule, which is negotiable, is as follows:

<u>Assets Under Management</u>	<u>Annual Rate</u>
All accounts	70 basis points

For investment management services, Premise Capital generally imposes a minimum account size of \$50,000 for all models portfolios except the Alternative Investment portfolio, which imposes a minimum account size of \$10,000. The account minimum may be waived by the firm in its sole discretion.

Premise Capital may utilize its proprietary Premise Capital Frontier Advantage Diversified Tactical ETF ("TCTL" or ETF) in its model portfolios. Please be advised this activity creates a conflict of interest in that Premise Capital has an economic incentive to utilize TCTL in its model portfolios because (i) Premise earns an internal advisory fee for the ETF and, (ii) Premise Capital's use of ETF creates the appearance of greater distribution and higher demand for its proprietary fund. To mitigate this conflict, Premise Capital waives the advisory fee for the model(s) utilizing TCTL.

Investment management fees are always subject to the sub-adviser agreement between the third-party investment adviser and Premise Capital as well as the investment advisory agreement between the client and Premise, if applicable. Fees may be charged quarterly in arrears or advance depending on the sub-adviser agreement. The third-party investment adviser will compute the fees due Premise Capital on a quarterly basis and remit such fees to Premise Capital. The initial quarterly fee is payable on the date the account is accepted and is computed on the market value of such portfolio assets on the date of such account acceptance. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter.

Sub-advisory agreements have an initial one-year term; thereafter they may be canceled by either party upon 60 days' prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be immediately due and payable.



## **A.2. Sub-adviser - Portfolio Management Fees for Hedged Standard Model Portfolios (inclusive of ERISA 3(38) Discretionary Asset Management Accounts)**

For clients who also retain the firm to provide hedged model portfolio management services, Premise Capital's fee schedule is computed on the basis of the market value of the client's portfolio assets, payable either in arrears or advance, and computed on the last business day of the preceding quarter. Premise Capital may have an economic incentive to recommend its hedged portfolios versus the unhedged model portfolios. The quarterly fee is charged at one-fourth the annual rate specified below. Premise Capital's fee schedule, which is negotiable, is as follows:

<u>Assets Under Management</u>	<u>Annual Rate</u>
All accounts	100 basis points

For investment management services, Premise Capital generally imposes a minimum account size of \$50,000 for all models portfolios except the Alternative Investment portfolio, which imposes a minimum account size of \$10,000. The account minimum may be waived by the firm in its sole discretion.

Premise may utilize its proprietary Premise Capital Frontier Advantage Diversified Tactical ETF ("TCTL" or ETF) in its model portfolios. Please be advised this activity creates a conflict of interest in that Premise has an economic incentive to utilize TCTL in its model portfolios because (i) Premise earns an internal advisory fee for the ETF and, (ii) Premise's use of ETF creates the appearance of greater distribution and higher demand for its proprietary fund. To mitigate this conflict, Premise waives the advisory fee for the model(s) utilizing TCTL.

Investment management fees are always subject to the sub-adviser agreement between the third-party investment adviser and Premise Capital as well as the investment advisory agreement between the client and Premise Capital, if applicable. Fees may be charged quarterly in arrears or advance depending on the sub-adviser agreement. The third-party investment adviser will compute the fees due Premise Capital on a quarterly basis and remit such fees to Premise Capital. The initial quarterly fee is payable on the date the account is accepted and is computed on the market value of such portfolio assets on the date of such account acceptance. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter.

A sub-advisory agreement may be canceled at any time by the third-party investment adviser or by Premise Capital subject to the terms of the sub-advisory agreement. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be immediately due and payable.

## **A.3. Fund Portfolio Management Fees**

The fund pays Premise Capital a fee ("management fee") in return for providing investment management, investment advisory, and supervisory services under an all-in fee structure. The fund will pay a monthly management fee to Premise Capital at an annual rate (stated as a

percentage of the average daily net assets of the funds) as negotiated with each fund client and disclosed in the fund's prospectus and statement of additional information.

The advisory agreement is subject to annual approval by (i) the Board or (ii) a vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the fund, provided that in either event such continuance also is approved by a majority of the Board who are not interested persons (as defined in the 1940 Act) of the Trust by a vote cast in person at a meeting called for the purpose of voting on such approval. The advisory agreement is terminable without penalty, on 60 days' notice, by the Board or by a vote of the holders of a majority (as defined in the 1940 Act) of the fund's outstanding voting securities. The advisory agreement is also terminable upon 60 days' notice by Premise Capital and will terminate automatically in the event of its assignment (as defined in the 1940 Act).

#### **A.4. Consulting Services Fees**

Premise Capital may provide investment consulting services to other investment advisers and broker-dealers. Consulting services will be negotiated on a case-by-case basis. To the extent that an hourly arrangement is negotiated, consulting services will generally be charged at a rate not to exceed \$400 per hour. Fees are negotiable.

### **B. Client Payment of Fees**

#### **B.1. Portfolio Management Services**

Premise Capital may be paid either directly by the third-party investment adviser pursuant to the terms of the written agreement between Premise Capital and the third-party investment adviser, or by directly debiting the client's custodian account as described below.

To the extent that the third-party investment adviser directs Premise Capital to directly debit fees from their client's custodian account, Premise Capital will do so provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying Premise Capital or their custodian in writing.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

#### **B.2 Fund Portfolio Management Services**

Fees are computed on the average daily net balance and distributed by the fund administrator.

#### **B.3. Consulting Services**

Premise Capital may provide investment consulting services to other investment advisers and broker-dealers ("financial services firm"). Consulting services will be negotiated on a case-by-

case basis between Premise Capital and the other financial services firm. Fees are billed in accordance with the written agreement between Premise Capital and the advisory firm.

### **C. Additional Client Fees Charged**

The fees charged by Premise Capital do not include fees charged by Advisor Op (See Item 10.C.5 for additional disclosure re Advisor Op), the client's third party investment adviser, if applicable, exchange-traded funds, mutual funds, or any broker-dealer or custodian selected by the client. In the case of an exchange-traded fund or mutual fund, fees and charges are disclosed in the respective fund's prospectus. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Premise Capital may be precluded from using certain mutual funds because they may not be offered by the client's custodian. Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

The fund bears other expenses that are not covered under the management fee, which may vary and affect the total level of expenses paid by the funds, such as taxes and governmental fees, brokerage fees, commissions and other transaction expenses, costs of borrowing money, including interest expenses, and extraordinary expenses (such as litigation and indemnification expenses). "Other expenses" are based on estimated amounts for the current fiscal year.

### **D. Prepayment of Client Fees**

Depending on the terms of the sub-adviser agreement, Premise Capital may be paid in advance for its investment advisory services. Sub-advisory agreements have an initial one-year term; thereafter they may be canceled by either party upon 60 days' prior written notice. Upon termination of any account, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be immediately due and payable.

### **E. External Compensation for the Sale of Securities to Clients**

Other than as disclosed in Item 10 of this Brochure, Premise Capital's financial advisors are compensated solely through salary and bonus. Premise Capital is not paid any sales, service, or administrative fees for the sale of mutual funds or any other investment products.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Premise Capital does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## **Item 7: Types of Clients**

Premise Capital is an independent investment management firm providing asset management services as a sub-adviser to various third-party investment advisers, which then offer such model portfolios to registered investment adviser firms subscribing to the third-party investment adviser's investment platform. Premise Capital also acts as a Section 3(38) ERISA discretionary asset manager and will provide such services as an asset manager alternative on various third-party sponsored 401(k) platforms.

For investment management services, Premise Capital generally imposes a minimum account size of \$50,000 for all models portfolios except the Alternative Investment portfolio, which imposes a minimum account size of \$10,000. The account minimum may be waived by the firm in its sole discretion.

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

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

Premise Capital's methods of analysis may include fundamental and technical analysis, quantitative methods for optimizing client portfolios, computer-based risk/return analysis, and statistical and/or computer models utilizing long-term economic criteria. Premise Capital may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

For information on a specific fund's risks, strategies, fees, and other pertinent information, please obtain and review a copy of the applicable fund prospectus.

#### **A.1. Mutual Funds, Exchange-Traded Funds, Individual Equity, and Fixed Income Securities**

Premise Capital may recommend no-load and load-waived funds and individual securities (including fixed income instruments). Such management styles will include, among others, large, mid, and small-cap value, growth and core; emerging markets; and alternative investments. A description of the criteria to be used in formulating an investment recommendation for funds, exchange-traded funds, individual securities (including fixed income securities) and managers is set forth below.

Premise Capital has or may form relationships with third party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform due diligence monitoring of mutual funds and exchange-traded funds
- perform billing and certain other administrative tasks

Premise Capital may utilize additional independent third parties to assist in recommending and monitoring funds to clients as appropriate under the circumstances.

Premise Capital reviews certain quantitative and qualitative criteria related to individual securities and funds to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a fund manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the fund manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending fund managers include the investment objectives and/or management style and philosophy of a fund manager, a fund manager's consistency of investment style, and employee turnover and efficiency and capacity. Premise

Capital will discuss relevant quantitative and qualitative factors pertaining to its managed portfolios with clients, as required by such clients.

Quantitative and qualitative criteria related to fund managers are reviewed by Premise Capital on a quarterly basis. In addition, fund managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the fund manager by Premise Capital (both of which are negative factors in implementing an asset allocation structure). Based on its review, Premise Capital will make decisions regarding the retention or discharge of a fund.

## **A.2. Material Risks of Investment Instruments**

Premise Capital typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Government and agency mortgage-backed securities
- Corporate debt obligations
- Mortgage-backed securities
- Collateralized obligations

### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### **A.2.b. Warrants and Rights**

Premise Capital may invest in warrants and rights. Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's

issuance. Warrants have no voting rights with respect to the common stock, receive no dividends, and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

#### **A.2.c. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.2.d. Exchange-Traded Funds ("ETFs")**

Premise Capital may invest in ETFs (which may, in turn, invest in equities, bonds and other financial vehicles). ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.2.e. Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints,



jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.f. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.2.g. U.S. Government Securities**

Premise Capital may invest in U.S. government securities. U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.2.h. Government and Agency Mortgage-Backed Securities**

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, a wholly owned U.S. government corporation within the Department of Housing and Urban Development ("HUD"), creates pass-through securities from pools of government-guaranteed (Farmers' Home Administration, Federal Housing Authority or Veterans Administration) mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government.

FNMA, which is a U.S. government-sponsored corporation owned entirely by private stockholders that is subject to regulation by the secretary of HUD, and FHLMC, a corporate instrumentality of the U.S. government, issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHLMC guarantees timely payment of interest and ultimate collection of principal of its pass-through securities. Mortgage-backed securities from FNMA and FHLMC are *not* backed by the full faith and credit of the U.S. government.

### **A.2.i. Corporate Debt Obligations**

Premise Capital may invest in corporate debt obligations. Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. Premise Capital may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

### **A.2.j. Mortgage-Backed Securities**

Premise Capital may invest in mortgage-backed securities, including pass-through securities and collateralized obligations. Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders.

Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, Premise Capital may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages and other types. Mortgage poolers apply qualification standards to lending institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies.

Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts, with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through securities, which means that investors receive payments consisting of a pro rata share of both principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

### **A.2.k. Collateralized Obligations**

Premise Capital may invest in collateralized mortgage obligations ("CMOs") that are collateralized by mortgage-backed securities issued by GNMA, FHLMC or FNMA ("mortgage assets"). CMOs are multiple-class debt obligations. Payments of principal and interest on the mortgage assets are passed through to the holders of the CMOs as they are received, although certain classes (often referred to as "tranches") of CMOs have priority over other classes with respect to the receipt of mortgage prepayments. Each tranche is issued at a specific or floating coupon rate and has a stated maturity or final distribution date. Interest is paid or accrues in all tranches on a monthly, quarterly or semi-annual basis. Payments of principal and interest on mortgage assets are commonly applied to the tranches in the order of their respective maturities or final distribution dates, so that generally no payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full.

Premise Capital may also invest in collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust that is backed by a diversified pool of high-risk, below-investment-grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

## **B. Investment Strategy and Method of Analysis Material Risks**

### **B.1. Premise Model Portfolio Strategies**

Premise Capital offers six different model portfolios as further discussed below:

- Conservative – This model will be benchmarked to the Morningstar Target Conservative Risk Index. The equity exposure will generally be between 0% and 30%, but the portfolio manager reserves the right to increase or decrease equity exposure depending upon market and economic conditions.
- Balanced – This model will be benchmarked to the Morningstar Target Moderately Conservative Index. The equity exposure will generally be between 20% and 50% with a target of 40%, but the portfolio manager reserves the right to increase or decrease equity exposure depending upon market and economic conditions.
- Growth – This model will be benchmarked to the Morningstar Target Risk Moderate Index. The equity exposure will generally be between 30% and 70% with a target of 60%, but the portfolio manager reserves the right to increase or decrease equity exposure depending upon market and economic conditions.
- Aggressive – This model will be benchmarked to the Morningstar Target Risk Moderately Aggressive Index. The equity exposure will generally be between 40% and 90% with a target of 80%, but the portfolio manager reserves the right to increase or decrease equity exposure depending upon market and economic conditions.

- Alternative Investment – This model will consist of public, liquid ETFs and mutual funds that closely mirror alternative investment strategies such as long/short funds, convertible arbitrage, indexed managed futures, managed volatility, and similar type funds that are chosen specifically for their risk/return/non-correlation characteristics to traditional asset classes.
- Tactical – This model will be benchmarked as an alternative or absolute return portfolio and can vary in equity exposure from 0% to 100% depending upon the portfolio manager's view of current and expected economic and market conditions.

## **B.2. Premise Hedged Model Portfolios**

The portfolio will include portfolio hedges that are built using long puts on broad market indexes. The strategy will include both short duration and long duration puts. At times, the portfolio manager may also sell short a put that is further out of the money than the long put, thereby creating a bearish put spread.

## **B.3. Leverage**

Although Premise Capital, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Premise Capital, will utilize leverage. In this regard, please review the following:

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor. In addition, the use of leverage enhances the price volatility of the collateral securities which can result in significant loss.

Broker-dealers that carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to satisfy a required margin deposit or withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

#### **B.4. Short-Term Trading**

Although Premise Capital, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-velocity trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

#### **B.5. Short Selling**

Premise Capital generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the borrowed security.

#### **B.6. Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry and sector performance.

#### **B.7. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Premise Capital as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading

### **B.7.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

### **B.7.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **B.7.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **B.7.d. Option Spreading**

Option spreading may involve the purchase of a put option and the sale of a put option at a lower strike price. The purpose of this type of transaction is to allow the holder to hedge the underlying long security holding, and to offset the cost by selling the put option with a lower contract strike price. In this type of transaction, the spread holder “locks in” the maximum risk and profit of the option spread. The risk is defined as the net cost of the option spread, and the maximum profit is defined as the difference in contract process reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

## **C. Concentration Risks**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

Premise Capital has nothing to disclose for this item.

### **B. Administrative Enforcement Proceedings**

Premise Capital has nothing to disclose for this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

Premise Capital has nothing to disclose for this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither Premise Capital nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

### **B. Futures or Commodity Registration**

Premise Capital is not registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and does not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Premise Capital Frontier Advantage Diversified Tactical ETF (Symbol: TCTL)**

Premise Capital provides discretionary portfolio management services to its client using one or more securities and strategies identified in Item 8 of this Brochure. Premise Capital serves as the investment manager to the Premise Capital Frontier Advantage Diversified Tactical ETF (symbol: TCTL) (the "fund"), and continuously manages the fund assets based on the investment goals and objectives as outlined in the fund's Prospectus and Statement of Additional Information ("SAI"). Prospective clients are advised that Premise has an economic interest in utilizing the Premise managed/ sponsored exchange-traded funds in its model portfolios. In addition, please be advised that Premise may earn an advisory fee from wealth management clients who invest in Premise models that may contain one or more funds that Premise manages and/or sponsors. The receipt of compensation by Premise for managing its proprietary exchange traded fund and collection of asset-based fees from wealth management clients whose portfolio assets may include one of the Premise managed funds and constitutes a conflict of interest. Premise manages this conflict of interest through disclosure and ensuring it utilizes funds that are in the best interests of the underlying wealth management client.

#### **C.2. Sentinus LLC**

Sentinus LLC is an affiliate of Premise Capital and a registered investment adviser. Sentinus LLC manages individual separate accounts for its advisory clients. Prospective clients are advised that Premise Capital has an economic interest in recommending its affiliate, Sentinus LLC, for separate account management. Conversely, Sentinus LLC has an economic interest in recommending an investment in the Premise Capital Frontier Advantage Diversified Tactical ETF to its wealth management clients.

#### **C.3. Envestnet Asset Management, Inc.**

Premise Capital is contracted as a sub-adviser to Envestnet Asset Management, Inc. ("EAM"). Premise Capital uploads model portfolios to EAM, which EAM then makes available to other



investment advisers who have subscribed to the EAM investment platform. Premise Capital pays an initial technology set-up fee to establish Premise Capital on the EAM platform. Beyond the initial set-up fee there is no additional remuneration paid by EAM to Premise Capital or by Premise Capital to EAM.

Premise Capital is affiliated with Sentinus LLC. Clients should understand that Premise Capital does not offer separate account management services directly with end clients. Rather it may offer its services to clients of registered investment advisers under a sub-adviser relationship with EAM. As such, Premise Capital has an economic interest in recommending to potential end clients that they utilize the services of Sentinus LLC. Such recommendation may be viewed as being in the best interests of Premise Capital rather than in the best interests of the client.

#### **C.4. American Trust**

Premise Capital acts as a Section 3(38) ERISA discretionary asset manager and will provide such services as an asset manager alternative on the American Trust 401(k) platform. Through the American Trust platform, a plan sponsor may hire Premise Capital, an ERISA-qualified 3(38) investment manager, to manage all or a portion of the client's 401(k) assets. The 3(38) investment manager designs model portfolios as qualified default investment alternatives. Participants who still wish to choose their own investments may continue to do so.

Please be advised of a potential conflict of interest in that certain plan clients may have engaged Premise Capital's affiliate, Sentinus LLC, to be their investment adviser. Also be advised that Sentinus LLC may recommend Premise Capital as one of its preferred investment alternatives. Although Sentinus LLC strives to put its clients' interests first, some may view the recommendation of Premise Capital as being in the best interest of Sentinus LLC rather than the clients.

#### **C.5. Advisor Op**

Advisor Op ("AOP"), a Premise Capital affiliate, provides a platform that can act as an enterprise system for financial advisors by seamlessly integrating the many vendors required to operate. AOP uses an application program interface to common vendors: CRM, Aggregator, Custodian, Portfolio Accounting, Billing, Risk Analyzer, and related functionality to provide a single point of contact with customized reporting across all systems.

AOP's platform assists investment advisers with various operations functions such as billing, trading, rebalancing, risk analysis, performance reporting, and a platform for the use of third-party (3<sup>rd</sup> Party) managers. AOP is controlled by Jason Rolence, a principal of Premise Capital, and George Logemann. In addition to its back office support services, AOP will make available through this platform various third-party managers, one of which will be Premise Capital, to manage subscriber firms' advisory clients' portfolio assets. AOP does not act as an investment adviser; rather, it provides solely back office software to assist advisers with various operations, trading, and reporting functions. All investment advice and client facing obligations are the responsibility of the platform subscriber. AOP fees are in addition to any Premise Capital fees and represent an additional cost to the client.

**D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Other than as described in Item 10.C. above, Premise Capital does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Premise Capital has adopted policies and procedures designed to detect and prevent insider trading. In addition, Premise Capital has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of the firm. Premise Capital will send clients a copy of its Code of Ethics upon written request.

Premise Capital has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

The fund, the Distributor, and Premise Capital have each adopted a Code of Ethics pursuant to Rule 17j-1 under the 1940 Act, designed to monitor personal securities transactions by their personnel ("Personnel"). The Code of Ethics requires that all trading in securities that are being purchased or sold, or are being considered for purchase or sale, by the funds must be approved in advance by the CCO. Approval will be granted if the security has not been purchased or sold or recommended for purchase or sale for the funds on the day that the Personnel of Premise Capital requests pre-clearance, or otherwise if it is determined that the personal trading activity will not have a negative or appreciable impact on the price or market of the security, or is of such a nature that it does not present the dangers or potential for abuses that are likely to result in harm or detriment to the funds. At the end of each calendar quarter, all Personnel must file a report of all transactions entered into during the quarter. These reports are reviewed by a senior officer of Premise Capital or the Distributor, as applicable.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Premise Capital does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory).

Premise Capital is affiliated with Sentinus LLC. Clients should understand that Premise Capital does not offer separate account management services directly with end clients. Rather it offers its services exclusively to clients of registered investment advisers under a sub-adviser relationship with various third-party investment advisers. As such, Premise Capital has an economic interest in recommending to potential end clients that they utilize the services of

Sentinus LLC. Such recommendation may be viewed as being in the best interests of Premise Capital rather than in the best interests of the client.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Premise Capital, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Premise Capital specifically prohibits. Premise Capital has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Premise Capital's procedures when purchasing or selling the same securities purchased or sold for the client.

### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Premise Capital, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. Premise Capital will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of Premise Capital to place the clients' interests above those of the firm and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

##### A.1.a. Portfolio Management Services

Premise Capital generally operates as a sub-adviser to various third-party investment advisers. All custodian recommendations are provided by the investment adviser subscribing to the third-party investment adviser's investment platform. Premise Capital uploads models to a third-party investment adviser platform, which effects the securities transactions through the platform sponsor's custodian.

Premise Capital participates in the institutional customer program of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance, and settlement of transactions. Premise Capital receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 of this Brochure.)

##### A.1.b. Fund Portfolio Services

When selecting brokers and dealers to handle the purchase and sale of portfolio securities, Premise Capital looks for prompt execution of the order at a favorable price. Generally, Premise Capital works with recognized dealers in these securities, except when a better price and execution of the order can be obtained elsewhere. The fund will not deal with affiliates in principal transactions unless permitted by exemptive order or applicable rule or regulation. Premise Capital owes a duty to its clients to seek best execution on trades effected. Since the investment objective of the fund is investment performance that corresponds to that of the Index, Premise Capital does not intend to select brokers and dealers for the purpose of receiving research services in addition to a favorable price and prompt execution either from that broker or an unaffiliated third party.

Premise Capital assumes general supervision over placing orders on behalf of the Trust for the purchase or sale of portfolio securities. If purchases or sales of portfolio securities of the Trust and one or more other investment companies or clients supervised by Premise Capital are considered at or about the same time, transactions in such securities are allocated among the several investment companies and clients in a manner deemed equitable to all by Premise Capital. In some cases, this procedure could have a detrimental effect on the price or volume of the security so far as the Trust is concerned. However, in other cases, it is possible that the ability to participate in volume transactions and to negotiate lower brokerage commissions will be beneficial to the Trust. The primary consideration is best execution.

Portfolio turnover may vary from year to year, as well as within a year. High turnover rates are likely to result in comparatively greater brokerage expenses and taxable distributions. The

overall reasonableness of brokerage commissions is evaluated by Premise Capital based upon its knowledge of available information as to the general level of commissions paid by other institutional investors for comparable services.

### **A.2. Soft Dollar Arrangements**

Premise Capital does not utilize soft dollar arrangements. Premise Capital does not direct brokerage transactions to executing brokers for research and brokerage services.

### **A.3. Brokerage for Client Referrals**

Premise Capital does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **A.4. Client-Directed Brokerage**

Occasionally, clients may direct Premise Capital to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Premise Capital derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Premise Capital loses the ability to aggregate trades with other Premise Capital advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

Premise Capital, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. Premise Capital recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Premise Capital will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement

- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Premise Capital seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Premise Capital's knowledge, these custodians provide high-quality execution, and Premise Capital's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Premise Capital believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since Premise Capital may be managing accounts with similar investment objectives, Premise Capital may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Premise Capital in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Premise Capital's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Premise Capital will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Premise Capital's advice to certain clients and entities and the action of Premise Capital for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Premise Capital with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Premise Capital to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating

in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Premise Capital believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Premise Capital acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Premise Capital determines that such arrangements are no longer in the best interest of its clients.



## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Premise Capital's portfolio manager reviews his model portfolios on at least a monthly basis.

For fund clients, Premise Capital continually reviews and monitors the funds' holdings in accordance with the investment objectives as detailed in the fund prospectus and SAI. Premise Capital's portfolio manager reviews securities activity for the fund daily to ensure that investments are made in conformity with the fund's investment objectives and investment strategies, and that all activity is in compliance with the fund's prospectus and requirements promulgated under the Investment Company Act of 1940 as well as the Investment Advisers Act of 1940.

### **B. Review of Client Accounts on Non-Periodic Basis**

Premise Capital may perform ad hoc reviews on an as-needed basis if the client has imposed significant restrictions on Premise Capital's management of the account or if there have been material changes in how Premise Capital formulates investment advice or constructs its model portfolios.

For fund clients, Premise Capital's portfolio manager and/or CCO may perform ad hoc reviews on an as-needed basis if there have been material changes in the fund's investment objectives or investment strategies or in the event of unstable markets.

### **C. Content of Client-Provided Reports and Frequency**

Premise Capital does not provide any performance or other reports to third-party investment advisers or any subscribing investment adviser firm. To the extent Premise may manage an individual client account, the client will receive no less frequently than quarterly a statement from the custodian indicating holdings, transactions, and cash balance. The custodian is the official record of the client's account.

For fund clients, Premise Capital provides reports to the Trust and Directors of the fund on a quarterly basis. Such reports include investment performance of the fund, and information on operational and compliance-related matters.

## Item 14: Client Referrals and Other Compensation

### A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

#### A.1. TD Ameritrade

As disclosed under Item 12, Premise Capital participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade Institutional to clients for custody and brokerage services. There is no direct link between Premise Capital participation in the program and the investment advice it gives to clients, although the firm receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided either without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research related products and tools
- Consulting services
- Access to a trading desk serving our clients
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client's accounts)
- The ability to have advisory fees deducted directly from our client's
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees, and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third-party vendors

TD Ameritrade may also have paid for business consulting and professional services received by Premise Capital's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Premise Capital but may not benefit its clients' accounts. These products or services may assist Premise Capital in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Premise Capital manage and further develop its business enterprise. The benefits received by Premise Capital or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, Premise Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Premise Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Premise Capital's choice of TD Ameritrade for custody and brokerage services.

## **B. Advisory Firm Payments for Client Referrals**

Premise Capital does not pay for client referrals.

## Item 15: Custody

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in their accounts.

## **Item 16: Investment Discretion**

Premise Capital uploads model portfolios to the third-party investment advisers. Although Premise Capital does exercise investment discretion, it does so only with respect to the composition of its model portfolios.

To the extent Premise accepts and manages individual separately managed accounts, Premise will exercise discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

For fund clients, the fund grants a limited power of attorney to Premise Capital with respect to trading activity in fund accounts pursuant to an investment advisory agreement between Premise Capital and the Trust and/or fund adviser. Premise Capital will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the amount of commissions to be paid, and the executing broker to be used. Investment limitations may be designated by the Trust.

## Item 17: Voting Client Securities

### A. Portfolio Management Services

Premise Capital does not take discretion with respect to voting proxies on behalf of its clients. Premise Capital will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Premise Capital supervised and/or managed assets. In no event will Premise Capital take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Premise Capital will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Premise Capital has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Premise Capital also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Premise Capital has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Premise Capital receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

### B. Fund Management Services

Premise Capital manages the affairs of the funds. As part of its fiduciary obligations to the shareholders of the fund, the firm exercises its voting rights in the companies in which it invests.

The overriding objective of the firm's proxy voting activities is to enhance shareholder value on a long-term basis. As a result, our proxy voting guidelines have been developed in a manner which the firm believes is consistent with this goal. However, it is important to note that this document contains guidelines only, and not rigid, inflexible, voting directives. We will evaluate each voting matter on a case-by-case basis and may vote in a manner contrary to the guidelines if we feel that this would ultimately enhance long-term shareholder value.

**Guidelines Pertaining to Routine Matters:** Premise Capital will generally cause the fund to vote in favor of management proposals on routine matters such as the election of directors, appointment of auditors, indemnification of directors, and receipt and approval of financial statements, provided it is in line with the other guidelines set forth in the Proxy Voting Guidelines.

**Guidelines Pertaining to Non-Routine Matters:** With respect to non-routine matters, such as take-over defense measures and changes in capital structure, Premise Capital will examine proxies and recommendations for special proposals to assess the impact on the value of the securities, generally voting in favor of proposals that would enhance the investment value of the relevant security in the long term and against proposals that increase the risk level and reduce the investment value of the relevant security in the long term. Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

**Guidelines Pertaining to the Board of Directors:** Ideally, the Board of Directors will comprise a majority of unrelated experienced directors, where an unrelated director is independent of management and is free from any relationship or interest that conflicts with the director's ability to act in the best interests of shareholders. A Board of Directors should be large enough to allow for sufficient coverage of responsibilities, but should not be so large that meetings and discussions become cumbersome. All boards shall have an audit committee headed and staffed by outside directors. We are generally opposed to cumulative voting proposals, but acknowledge that it may be a useful tool if a board is unresponsive to shareholders. A staggered board is one in which some directors are elected to terms greater than one year. Our preference is for all directors to stand for election on an annual basis. While attendance is only one factor in evaluating a director's effectiveness, we view absences without extenuating circumstances negatively. We believe that directors should be provided insurance against liability claims, so long as their actions were taken honestly and in good faith with a view to the best interests of the company. We will generally support the auditor recommended by the audit committee, but will review proposed changes in auditors on a case-by-case basis.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Premise Capital does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Premise Capital does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There are no bankruptcy petitions to report.