



Form ADV Brochure Part 2A

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*This brochure provides information about the qualifications and business practices of ETF Model Solutions, LLC. If you have any questions about the contents of this brochure, please contact us at (920) 785-6012 or by email at: [rob@etfmodelsolutions.com](mailto:rob@etfmodelsolutions.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about ETF Model Solutions, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for ETF Model Solutions, LLC is: 168410.*

*ETF Model Solutions® is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.*

## Item 2: Material Changes

The following material changes have been made since the Firm's last annual update of Form ADV Part 2A dated January 31, 2021:

- **Items 4 & 5.** Removed services description & fee information regarding ETF Models offered through Mid Atlantic's MMP Wrap Program. Mid Atlantic has discontinued this Program.
- **Item 5A. Fee Schedules.** Added information that ETFMS considers cash to be an advised asset and will be billed according to our fee schedule. During times of low interest, our fee may exceed the money market yield.
- **Item 8C. Material Risks.** Added information that the Endowment Index may have concentration risk in certain ETFs that serve as proxy allocations to private equity and venture capital asset classes.
- **Item 10C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interest.** Added language to reflect affiliation with Global Alternatives Investment Management LLC, a newly formed affiliate of ETF Model Solutions, LLC.
- **Item 11C.** Added language that ETFMS does not engage in any proprietary firm trading or revenue sharing activities with respect to securities transactions recommended to Clients.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

ETF Model Solutions, LLC (“ETF Model Solutions,” “ETFMS,” “We”, or the “Firm”) is a registered investment adviser with the U.S. Securities & Exchange Commission (“SEC”) operating as a Limited Liability Company organized in the State of Wisconsin. The Firm was founded in 2013.

ETF Model Solutions® specializes in providing 3-dimensional (“3D”) portfolios based on the endowment model of investing, which we refer to as the Endowment Investment Philosophy®, or “EIP”. The EIP constructs portfolios using an asset allocation methodology pursued by major universities like Yale and Harvard, which expands the number of asset classes and strategies used to create a portfolio by including alternative investments beyond just stocks and bonds to include such assets as hedge funds, private equity, and real assets. The key differentiator of the EIP is that it reduces the equity and fixed income components of a portfolio and replaces those portions with the alternatives seeking to enhance return or reduce risk. ETF Model Solutions refers to this third dimension as the “Risk Managed” segment of a portfolio. The Firm’s investment management services utilize predominantly passive (index) investment management services.

Prior to rendering any services, clients are required to enter into one or more written agreements with ETF Model Solutions, LLC setting forth the relevant terms and conditions of the advisory relationship.

The Firm is committed to minimizing potential conflicts of interest and providing transparent pricing. As an independent adviser, we have no affiliation with any of the investments we recommend, and we do not have a financial incentive to select any investment over another.

This Brochure is meant to help you understand the nature of the advisory services offered by ETF Model Solutions, LLC with respect to our model portfolios offered through turnkey asset management platforms (“TAMPs”), whether the advisory services offered by us are right for you, and the potential conflicts of interest associated with your choice to do business with us. You should review it carefully.

### B. Types of Advisory Services

ETF Model Solutions provides investment advisory and investment management services through asset allocation models that primarily contain exchange traded funds (ETFs), but also may include Exchange Traded Notes (ETNs), open- and closed-end mutual funds, and, to a lesser extent, other publicly traded securities such as Business Development Companies (BDCs) and Real Estate Investment Trusts (REITs). Clients may engage ETFMS to effect transactions within their investment portfolios on a discretionary basis.

These investment models may be deployed or provided to various clients through several distinct client relationship types, including: (a) discretionary investment advisory services creating and managing risk-based asset allocation models made available to 401(k) Plans and/or as a subadvisor through various Separately Managed Account or TAMPs, including Mid-Atlantic Capital Group’s ModelxChange or Fidelity’s Separate Account Network, and (b) licensing or otherwise contractually creating, managing or providing asset allocation models to affiliated or unaffiliated investment advisors to which ETFMS serves in a non-discretionary investment advisory capacity.

ETF Model Solutions, at its own discretion, will accept clients in which it serves in either a discretionary or non-discretionary capacity, providing investment advisory, portfolio construction, investment management, consulting and/or related services to endowments and foundations, institutions, or other investment advisory firms.

As a registered investment adviser, we are held to the highest standard of client care - a fiduciary standard. As a fiduciary, we always put our client's interests first and must fully disclose any potential conflicts of interest. We do not directly hold customer funds or securities and all transaction instructions are sent to our qualified custodian(s) which execute, compare, allocate, clear, and settle the trades. The custodian(s) also maintain our clients' accounts and may grant clients access to them.

When making investment selections ETF Model Solutions may consider the tax implications of any ETF or other holdings that it includes in its portfolio allocations. For example, ETFMS may generally, but not always seek to avoid including securities in its model portfolios that issue Form K-1 tax reporting in favor of securities that issue Form 1099 tax reports. ETF Model Solutions is not responsible for tax reporting for securities held in its model or investment portfolios. The custodial brokerage firm which the client's account is held is responsible for providing tax statements to clients.

ETF Model Solutions does not provide tax advice and we recommend that clients direct tax questions to a qualified tax professional who is familiar with the federal, state, and local tax issues applicable to the client's specific tax circumstances and needs. For non-qualified accounts, and in its own discretion, ETF Model Solutions may periodically conduct tax loss harvesting activities with respect to specific securities within an account or a model, or upon consideration of the tax implications of all holdings in its model portfolios.

(a) Investment Advisory- Managed ETF Models. ETF Model Solutions' ETF-based models are available on Separately Managed Account Platforms or Turnkey Asset Management platforms, including Mid Atlantic's ModelxChange and Fidelity's Separate Account Network (SAN). In these instances, clients are being serviced by an adviser that either has discretion to place the client assets with ETFMS, or, when the adviser does not have discretion, the client makes the decision upon the advice of their adviser to utilize ETFMS' services. When utilized by independent advisors for managing client assets, ETFMS provides model management services to clients in the various models selected by the Client's advisor. Our model strategies may include passive risk-based models, strategically managed models, and adaptive, tactical, or dynamically managed strategies.

Retirement (401-k) Plans access our services through the ModelxChange platform. ETF Model Solutions provides model management services to the Plans when Plan Sponsors elect to utilize the Firm's models as investment selections within their Plan. Models available to Plans include 3D Endowment risk-based portfolios intended for investors that identify themselves within a certain risk category, such as Conservative, Moderate, or Aggressive. Investment advisers serving the retirement Plan Sponsors in a fiduciary capacity under either an ERISA (3)(21) non-discretionary, or ERISA (3)(38) discretionary capacity, may recommend that these investment models are appropriate investment options for their respective Plan clients. When its investment models are included as investment options within a retirement or 401(k) Plan, ETFMS serves as a discretionary investment manager to the Plan only with respect to assets placed in its models. Clients (Plan Sponsors) can impose reasonable restrictions on the managed portfolios or models.

ETF Model Solutions constructs and maintains its managed ETF model portfolios. From time to time the model portfolios may be rebalanced or reconstituted. Typically, these model changes are affected on the Separate Account or TAMP platforms through which ETF Model Solution's models are available, (i.e., ModelxChange). Upon constructing, or making a change to a model portfolio, ETFMS communicates (via secure web portals or other methods) the changes in the portfolios to Mid Atlantic or other platform provider, who is then responsible for enacting the securities trades necessary in client accounts, according to the new position weightings as communicated by ETFMS. ETFMS can set systematic rebalance instructions based on systematic time (i.e., monthly, quarterly) or drift parameters based on percentage the position drifts relative to the target allocation. We also can submit manual instructions for rebalancing to occur at our discretion. ETF Model Solutions is responsible for monitoring account drift and submitting trade instructions for assets managed on Fidelity's Separate Account Network.

(b) Model Licensing. ETF Model Solutions provides non-discretionary investment advisory services to affiliated and/or non-affiliated investment advisers. These licensing activities include the creation and maintaining of ETF-based investment models. These models and subsequent model changes are communicated as recommended allocations or changes to the advisory firms that license the models. These recommendations are provided on a non-discretionary basis. ETF Model Solutions is not responsible for enacting or making discretionary trades in client accounts with respect to its model licensing activities. Firms that license these models are responsible for any discretionary activities with respect to assets they manage according to the models. ETF Model Solutions' compensation for these activities is subject to the terms a model licensing/management agreement that is agreed upon with the advisory firm utilizing these services.

(c) Other activities. ETF Model Solutions conducts ongoing research which may result in the construction of various indexes. ETF Model Solutions conducts research and index construction according to proprietary methodologies. Calculation and dissemination of historical and current data on index construction which may be made publicly available through various index calculation services such as Nasdaq OMX®. Index data and research may also be licensed to various institutional investment managers.

(d) Automated Investing Solutions. ETF Model Solutions DBA My Robo Adviser is an automated investment service provided directly to individual investors. Disclosures related to ETF Model Solutions DBA My Robo Adviser are disclosed in a separate Form ADV Part 2 accessible at <https://adviserinfo.sec.gov/firm/brochure/168410>.

## C. Services Limited to Specific Types of Investments

ETF Model Solutions generally limits its investment advice to domestically registered securities that trade on major U.S. securities exchanges and/or offer daily liquidity and do not require investor accreditation. These securities include exchange traded funds and notes, mutual funds (including closed-end funds) and business development companies that hold equities, fixed income securities, precious metals, commodities, real estate funds (including REITs), and other asset classes. Certain mutual funds or exchange-traded funds may implement hedging strategies or utilize derivatives, including, but not limited to futures and options, within their underlying holdings. ETF Model Solutions does not utilize illiquid investments such as private placements or non-publicly traded securities within its models. ETF Model Solutions primarily utilizes ETFs to represent the targeted asset classes in the model portfolios, and to a lesser extent, ETFMS may include exchange traded notes (ETNs), publicly traded development companies, business development companies (BDCs) and/or closed and open-ended mutual funds. ETF Model Solutions does not typically include individual stocks and bonds in our models or portfolio allocations.

## D. Client Tailored Services and Client Imposed Restrictions

ETF Model Solutions offers its Endowment Target Risk models through Turnkey Asset Management Platforms (TAMPs). These services make it possible for individuals, trusts, retirement plans, or other entities to access an endowment-based investment strategy designed to be consistent with the clients' investment objectives and risk tolerances.

ETF Model Solutions allows its clients to impose reasonable restrictions on investing in certain securities or types of securities and will accommodate those requests to the extent that the respective TAMPs and/or custodians through which the strategies are provided maintain operational functionality that supports those restrictions.

## E. Assets Under Management

As of 12/31/2021, ETF Model Solutions had \$13,960,720 assets under management, all of which were discretionary. Of this amount, \$4,998,014 was managed through model portfolios in Turnkey Asset Management Platforms.

## Item 5: Fees and Compensation

### A. Fee Schedule

#### 1) Model and Portfolio Management Services Fees

ETF Model Solutions makes its ETF-based models available to advisors and their clients through Separately Managed Account Platforms or Turnkey Asset Management Platforms (TAMP”), Unless otherwise noted below, ETF Model Solutions’ standard annual model management fee for its managed ETF models is 0.35%. Fees will be calculated deducted according to the standard billing policies of the respective Programs or platforms.

ETF Model Solutions’ standard annual model management fees for its managed ETF models utilized by independent and unaffiliated registered investment advisors for use in client accounts, or 401(k) or other retirement plans accessed through Mid Atlantic’s ModelxChange platform are 0.35% (35 bps).

For retirement Plans accessing our Models through ModelxChange, fees are deducted from Plan assets. Fees are based upon assets under management within its various models that are included in each respective Plan(s), according to the model management agreement signed with each Plan Sponsor. Mid Atlantic’s ModelxChange Platform accrues and deducts these fees daily and subsequently compensates ETFMS on the last business day of each month. The final fee schedule is attached as an Exhibit of the Model Management Agreement that is signed with each Plan Sponsor.

ETFMS considers cash to be an asset class when it is included in model allocation or cash that is being held for liquidity purposes within a model. Cash balances in these instances is considered an advised asset and will be billed according to our fee schedule. During times of low interest, our fee may exceed the money market yield.

ETF Model Solutions may choose to negotiate the fees it charges for its model and investment management services at its sole discretion.

#### 2) Model Licensing Fees

The current standard license fee for ETF Model Solutions’ models is 0.35% (35 basis points) of assets. ETF Model Solutions, in its sole discretion, may choose to negotiate model licensing fees for advisory firms or advisors placing assets more than \$5 million within the models.

#### 3) Termination of Agreement

For clients that terminate an ETFMS Investment Advisory Contract, ETFMS will refund any prepaid, unearned fees.



## B. Payment of Fees

### 1) Investment Advisory/Portfolio Management Fees

Our fees may be collected in advance, in arrears, or accrued daily. In many cases, how we collect our fees is dependent upon the fee collection policies of the platform, TAMP, wrap fee program or custodian's capabilities and restrictions. For fees paid in advance, adjustments for new accounts or accounts closed during a given quarter will be made on a prorated basis.

For accounts that are managed through ModelxChange, our management fees are accrued daily and deducted on the last business day of each month by Mid Atlantic Capital Corporation as authorized by the Plan Sponsor in accordance with the model management agreement executed by the Plan Sponsor and their independent adviser with ETFMS. Mid Atlantic then pays these fees to ETFMS monthly.

### 2) Model management/license fees

Model management/licensing fees earned by ETFMS are typically based upon assets the licensing adviser places in the models. ETF Model Solutions may be compensated directly by the Adviser, or these fees may be withdrawn directly from the client's accounts with client's written authorization according to their management agreement with adviser, the Platform Sponsor on a monthly or quarterly basis. ETFMS may choose to negotiate its model management and licensing fees in its sole discretion.

## C. Clients Are Responsible for Third Party Fees

Client assets managed within our models or managed portfolios may be subject to various fees, which may include, but may not be limited to: (a) advisory fees charged by their investment advisor (b) platform sponsor or model unitization fees, (c) custody, (d) trading fees, which may be asset or transaction based, and/or (e) in the case of retirement plans, service provider fees.

*Retirement plans subject to service provider fees.* Plan clients are responsible for fees assessed by service providers to the Plan, such as third-party administrators (TPAs), record keepers, advisors, or consultants. These fees are separate and distinct from the fees and expenses charged by ETFMS.

Clients should refer to their proposal or investment management agreement provided in their account-opening documents for an itemized list of the fees that apply to their specific accounts. Clients that participate in ETFMS model portfolios through their 401(k) or other retirement plans should review disclosure documents that contain detailed fee and expense information as required under the Employee Retirement Income Security Act.

ETF Model Solutions does not control, nor can we influence the various fees assessed by each respective platform sponsor, broker-dealer platform, custodians, or other service providers that may be affiliated with delivering its model solutions to the client.

*ETF, ETN, mutual fund fees and expenses.* ETFs, mutual funds, and other funds held within the models will assess management fees and expenses. ETF Model Solutions does not share in any revenues or fees charged by custodians, funds, or unaffiliated entities. Please see Item 12 of this brochure regarding broker/custodian.

ETF Model Solutions may compensate 3rd party service providers assisting us in creating, managing, or making available its Managed ETF Model program. Mid Atlantic Capital Group assesses ETFMS a platform fee based on client assets through the ModelxChange platform.

#### D. Prepayment of Fees

ETF Model Solutions may collect fees in advance.

For all asset-based fees paid in advance, adjustments for new accounts or accounts closed during a given quarter will be made on a prorated basis. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365). These fees are calculated and refunded through the operational process of the platform sponsors.

#### E. Outside Compensation for the Sale of Securities to Clients

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

### Item 6: Performance-Based Fees and Side-By-Side Management

ETF Model Solutions does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### Item 7: Types of Clients

ETF Model Solutions generally seeks to provide advisory services to the following types of clients:

- 401(k) Retirement Plans
- High-Net-Worth Individuals
- Individuals
- Pension and Profit-Sharing Plans
- Endowments and Foundations
- Institutional Investors and Investment Advisory Firms

#### Minimum Account Size

While ETFMS does not establish set minimums for any of its services, certain models may contain mutual funds that require a minimum investment. Therefore, to the extent that an investment may have an investment minimum, any accounts that invest in an allocation containing that fund would require a minimum investment. Certain platform sponsors, brokerage/custody firms may establish account minimums, or account fee minimums to which any client accounts would be required to meet. ETF Model Solutions does not have control over these service providers' policies.

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

#### A. Investment Strategies

*Strategic Asset Allocation.* ETF Model Solutions primarily implements a long-term strategic asset allocation investing process for its model strategies. Within its ETF-based models, the Firm commonly implements a core-satellite approach to invest in various asset classes. In this approach, the primary, or core segment of the portfolio is invested in broadly diversified, market-cap weighted, low-cost index-based exchange traded funds. Actively managed and/or alternative indexing strategies may selectively

be integrated into the portfolios as satellites in an effort to improve portfolio return or risk-adjusted return profile.

*Indexing/Passive Investing.* As part of the Firm's asset allocation strategies, ETFMS may implement an indexing or passive investment strategy. Index investing seeks to reduce investment management and trading costs by targeting the weights of a portfolio to match that of an index. Some of the Firm's models are based upon the Firm's proprietary Endowment Index<sup>®</sup> calculated by NASDAQ OMX<sup>®</sup> which seeks to replicate the asset allocation of the average university endowment portfolio using ETFs. The Endowment Index seeks to replicate the asset allocation of an average university endowment portfolio using ETFs. Indexing/passive investing is a long-term, buy and hold approach investment strategy.

*Alternative Investing.* ETF Model Solutions uses liquid alternatives such as mutual funds, exchange traded funds & notes, and business development companies and not private placements for alternative allocations in our model strategies. ETF Model Solutions defines alternative assets as any investment that does not involve traditional long-only equity or fixed income securities, and may involve real assets such as precious metals, commodities, Real Estate Investment Trusts (REITs), private placements (equity), or hedge strategies. Alternative assets may offer lower correlation to traditional investments, meaning that when equities decline, an alternative investment might increase in value, or at least decline less than equities. ETF Model Solutions does not invest in alternative investments through private partnerships. Rather, the Firm's alternative asset allocation investments involve liquid alternative investments. Liquid alternatives are registered securities that either trade on a U.S.-based exchange or offer daily liquidity. Examples of liquid alternative investments are exchange-traded funds (ETFs), exchange-traded notes (ETNs), open end mutual funds, closed end mutual funds, and business development companies (BDCs).

*Adaptive/Tactical/Dynamic Asset Allocation.* ETF Model Solutions may offer adaptive, dynamic and/or tactical ETF models to clients, or we may make tactical adjustments to its strategic portfolios. These adjustments may include overweighting or underweighting an asset class depending upon a quantitative model and/or the Firm's viewpoint of the markets or involve market timing.

## B. Methods of Analysis Utilized

ETFMS principally follows modern portfolio theory, but considers other methods of analysis including, but not limited to a top-down approach, fundamental analysis, technical analysis, cyclical analysis, and quantitative analysis.

**Modern portfolio theory** is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

**Top-down approach.** Top-down investment analysis emphasizes economic, market and industrial trends before making a more granular investment decision. The approach utilizes broad data to construct portfolios to match a level of risk consistent with an investor's risk tolerance, focusing on asset allocation of the entire portfolio.

**Charting analysis** involves the use of patterns in performance charts. ETF Model Solutions may use this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data, primarily price and volume.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations, such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

## C. Material Risks Involved

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

### 1) Risks of the Endowment Investment Philosophy®

The Endowment Investment Philosophy expands the portfolio beyond simply stocks and bonds to include alternative investments such as hedge strategies, private equity, and real assets. The approach is a strategic, long-term approach that remains fully invested always and does not seek to time the market. The additional diversification of a 3-dimensional EIP portfolio does not ensure a gain nor prevent a loss in a declining market. Including alternative investments in a portfolio often contain higher internal management and operational expense ratios than traditional stock-bond ETFs. There is no guarantee that the alternative ETF allocations performance will overcome these additional expenses, which could result in 3-dimensional portfolios underperforming a two-dimensional portfolio of a similar equity goal.

Certain of ETF Model Solutions' models seek to mirror the allocations of the Endowment Index or are derived from its underlying holdings, including the Endowment Conservative Allocation, Endowment Moderate Allocation and Endowment Aggressive Allocation. The Endowment Index relies on proxy index ETFs to represent certain alternative asset class allocations. As a rules-based index, certain alternative investment asset classes (private equity and venture capital) utilize the same ETF, currently the Invesco Global Listed Private Equity ETF (PSP—NYSEArca) as their representative proxy. The Endowment Index target allocation to PSP as of this ADV filing date is 27.17%. The performance of a higher weighted ETF within a portfolio will influence overall portfolio returns to a greater extent (positive or negative) than positions with lesser weightings.

### 2) Methods of Analysis Risks

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Top-Down analysis** emphasizes broad macroeconomic factors, it may ignore individual securities that may be undervalued or could provide higher potential returns.

**Charting analysis** strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be assuming that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles these investors are trying to exploit.

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected because of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

### 3) Investment Strategies Risks

**Alternative investments** possess risks that may be greater than the risks of traditional investments. The underlying investments contained within liquid alternatives securities may involve market risk, conflict of interest risk, higher fees, liquidity risk, less regulation, default risk, counter party risk, leverage risk, interest rate risk, manager risk, diversification risk, and foreign exchange risk. Alternative investments may be more volatile than traditional investments such as stocks and bonds.

**Asset allocation** involves incorporating asset classes with varying risk and return profiles to build a diversified portfolio with the long-term goal of generating a desired level of return for specific levels of risk. Asset allocation is a long-term investing strategy that does not involve active trading. Asset allocation and diversification do not assure a profit or protect against loss in a declining market.

**Indexing/Passive Management.** An index is a sampling or basket of stocks, bonds, or other securities that share a common characteristic or represent a certain segment of the overall financial markets. Indexes may be concentrated based on the construction methodologies of its underlying index. Passive management does not allow the manager to buy or sell securities at their own discretion to react to adverse market conditions. Returns of indexing may be different from that of the benchmark if an index fund doesn't accurately track its benchmark. An index fund may underperform its benchmark because of fee and expenses. Index funds will lose value if the securities in the index lose value.

**Long-term investing** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Options** writing or trading involves a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value and the possibility of leveraged loss of trading capital due to the leveraged nature of stock options. ETF Model Solutions does not typically engage in options and other derivatives transactions (such as **Futures Contracts**) but may include in our models funds that implement such strategies.

**Short sales** entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward. ETF Model Solutions does not engage in short-sales but may include in our models funds that implement short-selling strategies.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long-term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. ETF Model Solutions does not typically engage in short-term trading, but we may include within our models funds that implement short-term trading strategies.

**Tactical/Dynamic Asset Allocation** may involve market timing risk, increased trading and investing costs or other factors that can reduce returns. Dynamic and Tactical Asset allocation strategies do not ensure a profit nor prevent against losses in a declining market.

We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. You must accept and understand that investment recommendations made by the adviser for an investment account or other financial planning advice is subject to various market, interest rate, liquidity, marketability, currency, economic, political, legal, business and/or other risks. In addition, these known and unknown risks may adversely affect investment results and/or the ability to achieve your investment objectives. We cannot offer any guarantees or promises that our recommendations will be profitable or that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

#### 4) Risks of Specific Securities Utilized

ETF Model Solutions' makes direct investments in funds (such as mutual funds or ETFs) that invest in a broad array of asset classes or otherwise implement various investment strategies. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency, may fluctuate in value, involve risk of loss and, at any given point in time, could be valued at more or less than the original investment.

**Exchange Traded Funds (ETFs).** ETF Model Solutions implements its advisory services by investing in ETFs. For information regarding the structure, fees, and risks associated with investing in ETFs, see the SEC's Investor Bulletin on ETFs:

<https://www.sec.gov/servlet/sec/investor/alerts/etfs.pdf>.

ETF Model Solutions makes direct investments in funds (ETFs) that invest in a broad array of asset classes or otherwise implement various investment strategies. ETFs fluctuate in value and investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Generally, ETF shares trade at or near their most recent net asset value ("NAV"). However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more).

All ETFs contain costs that lower investment returns.

There is no guarantee any ETF will be profitable or will be able to meet its investment objective. The risks of each ETF can be directly related to the risks of the underlying securities held within the fund or strategies deployed by the fund manager. ETF Model Solutions targets ETFs that invest in



or seek to replicate the return streams of equities, bonds, and alternative investments. Alternative investments may include, but are not limited to real estate, hedge fund strategies, private equity or issuers of private equity, business development companies, distressed debt, commodities, precious metals, industrial metals, energy, infrastructure, master limited partnerships, digital (crypto) currencies, futures, options trading (including covered options, uncovered options, or spreading strategies), and short selling which generally hold greater risk of capital loss.

Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Generally, ETF shares trade at or near their most recent net asset value (“NAV”). However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). All ETFs contain costs that lower investment returns. The price of Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) may be negatively impacted by several factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Exchange Traded Notes (ETNs).** ETNs are a type of debt security that trade on exchanges and seek a return linked to a market index or other benchmark. Unlike ETFs, ETNs do not buy or hold assets to replicate or approximate the performance of the underlying index. The return on an ETN generally depends on price changes if the ETN is sold prior to maturity (as with stocks or ETFs)—or on the payment, if any, of a distribution if the ETN is held to maturity (as with some other structured products). An ETN's indicative value is computed by the issuer and is distinct from an ETN's market price, which is the price at which an ETN trades in the secondary market. Investors should understand that an ETN's market price can deviate, sometimes significantly, from its indicative value. ETNs are unsecured debt obligation of the issuer.

**Mutual Funds.** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned below). The per-share net asset value (NAV) of a mutual fund is calculated at the end of each business day although the actual NAV fluctuates with intraday changes to the market value of the fund’s holdings. Dividends or interest payments may also change as market conditions change. Fees and expenses vary from fund to fund. A fund with high costs must perform better than a low-cost fund to generate the same returns for you.

ETFMS may not always hold the lowest-cost mutual fund share class because other considerations may take precedent over cost. Considerations may include, but not be limited to a desire to gain exposure a particular fund or strategy, that the lowest cost share classes may have higher minimum dollar amounts that are not likely to be met with an allocation to that security that is a lesser allocation within a model, or, when individual clients transferring higher cost funds into their account would face significant tax obligations if the fund or funds were sold. In certain instances, including with regards to our share class selection practices, we may select a security for purchase or sale that we deem to be appropriate for the model portfolio, which might not be the optimal decision for your specific account and financial circumstances.

**Closed End Funds (CEFs).** CEFs are subject to market volatility and the risks of their underlying securities which might include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments. Investment return will vary and an investor's shares, when sold, may be worth less than their original cost. CEFs with complex or specialized investment strategies may experience increased market price volatility. The market price of a CEF

may be significantly different than its NAV (a premium or a discount). CEFs frequently trade at a discount to NAV and there is no assurance a CEF will appreciate to its NAV.

**Business Development Companies** are entities that lend to young, thinly traded, distressed, or firms with lower credit ratings that may not be able to access capital through other sources. The holdings within a business development company may involve credit/default risk, market risk, and liquidity risk. Business development companies may assess higher fees which can eat into potential returns. Business development companies may experience higher volatility than traditional investments. In addition, the publicly traded shares of business development companies may trade at a discount or premium to the underlying asset value of its holdings.

### **Risks of Underlying Fund Holdings**

The risks of each of the funds held in our models can be directly related to the risks of the underlying securities held within the fund or strategies deployed by the fund manager. Funds that invest in or implement alternative investments, including, but not limited to hedge fund strategies, private equity or issuers of private equity, commodities, or futures strategies, or engage in short sales and options trading (including covered options, uncovered options, or spreading strategies) generally hold greater risk of capital loss.

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) may be employed within the various ETFs held in our portfolios. Such securities and strategies, unless otherwise noted, are not guaranteed, or insured by the FDIC or any other government agency, may fluctuate in value, involve risk of loss and, at any given point in time, could be valued at more or less than the original investment.

- **Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.
- **Digital (Crypto) Currencies.** Cryptocurrency is a digital representation of value that functions as a medium of exchange, a unit of account, or a store of value, but it does not have legal tender status. Cryptocurrencies are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not generally backed or supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional currencies. The value of cryptocurrency may be derived from the continued willingness of market participants to exchange fiat currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear. Cryptocurrencies are not covered by either FDIC or SIPC insurance. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency. Purchasing cryptocurrencies comes with risks, including volatile market price swings or flash crashes, liquidity risks, network security disruptions, hardware or software failures, market manipulation, and cybersecurity risks. In addition, cryptocurrency markets and exchanges are not regulated with the same controls or customer protections available in equity, option, futures, or foreign exchange investing. There is no assurance that a person who accepts a cryptocurrency as payment today will continue to do so in the future. Cryptocurrency ETFs often trade at a substantial premium to their underlying value and are accompanied by high fees which can reduce an investors potential return.



- **Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments. Investing in equities carries the risk of capital loss and thus you may lose money investing in equity securities.
- **Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary and include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile, and fixed income securities carry interest rate risk. As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities. Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing. Exchange-traded funds and mutual funds holding fixed income securities will fluctuate in value and at any given point in time can be worth more or less than the initial investment.
- **Futures contracts** are standardized agreements between two parties to buy or sell a specified asset (such as equities, bonds, commodities, precious metals) of standardized quantity and quality for a price agreed upon today (the futures price) with delivery and payment occurring at a specified future date, the delivery date. The contracts are negotiated at a futures exchange, which acts as an intermediary between the two parties. Futures involve risks including economic risk, market risk, commodities risk, counterparty risk. Futures investing may involve risk of loss greater than the initial investment, as futures trading often involves margin. Other risks may include economic risk, market risk, counterparty risk, political/regulatory risk. Futures markets may involve higher than normal price volatility than more traditional investments such as equities or bonds.
- **Hedge Funds.** Hedge Funds are alternative investments that seek to derive a return other than just buying and holding equity or fixed income positions) but rather use various strategies seeking to earn active return, or alpha, for their investors. Hedge funds may be aggressively managed or make use of derivatives and leverage in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark). Hedge funds may have low correlations with a traditional portfolio of stocks and bonds, and thus allocating an exposure to hedge funds may help diversify a portfolio. Hedge funds may be in the form of private placements (see private placements) or as a registered 1940 Act mutual fund. Risks of hedge funds may include high expense ratios, manager risk, liquidity risk, derivatives risk, counterparty risk, as well as the risks of any underlying investments utilized in the strategy (such as options, futures, equities, fixed income, foreign securities, short selling, private placement risk, and others). ETF Model Solutions may invest in ETFs or mutual funds that employ hedge fund or hedge-fund like strategies.
- **Master Limited Partnerships (MLPs)** invest in infrastructure and corporations that own operating assets involved in energy production, transportation, or storage. MLPs are partnerships that trade on a stock exchange. Unlike corporations, MLPs pass through income, gains, deductions, losses, and credits to investors annually, regardless of whether the MLP makes cash distributions. Investments in securities of MLPs involve risk that differ from investments in common stock including risks related to limited control and limited rights to vote on matters affecting the MLP. MLP common units and other equity securities can be affected by macro-economic and other factors affecting the stock market

in general, expectations of interest rates, investor sentiment towards MLPs or the energy sector, as well as the risks of the underlying holdings within any MLP or MLP fund.

- **Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option writing also involves risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.
- **Private equity** funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment. Private equity funds may include high expense ratios, can be highly illiquid, may be difficult to provide accurate pricing or valuation information to investors, and may be delayed in distributing important tax information to investors. Other risks of private equity funds include manager risk, non-diversification risk, economic risk, and the risks of the underlying companies in which the private equity fund is invested.
- **Private placements** carry a substantial risk as they are subject to less regulation than publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets. While ETF Model Solutions does not invest in private placements, certain funds within our managed models may actively include private placements such as private equity or venture capital investments among their holdings.
- **Precious Metals** prices can be volatile, as they are affected by various supply and demand risk factors. The discovery of new sources of ore or improvements in mining or refining processes may cause the value of a precious metal to diminish. Precious metals do not provide any interest or dividends and investors must rely on rising prices to generate a return on investment. Precious metals may face adverse tax consequences as they can be taxed as collectibles. Precious metals face increased costs over other investments, as the holdings may incur storage and insurance costs.
- **Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

### Liquidity Risks

While ETF Model Solutions considers liquidity when evaluating the merits of any investment, certain of the exchange-traded securities that the Firm may include in its managed models or portfolios may have limited liquidity, limited market depth, and above average bid-ask spreads. Accordingly, the securities that we select for our models or portfolios, may limit the ability of us or our custodians to obtain favorable execution prices under circumstances including, but not limited

to, extreme market conditions and/or elevated trading volume originating from Clients placed in models or portfolios (either with respect to one account, or in the aggregate, across multiple accounts).

**General Risk of Loss.** Investing in ETFs, mutual funds and other securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to economic recessions, market corrections or declines. Diversification does not ensure a profit nor prevent a loss in a declining market. You must accept and understand that investment recommendations made by ETFMS for an investment account or other financial planning advice is subject to various market, interest rate, liquidity, marketability, currency, economic, political, legal, business and/or other risks. In addition, these known and unknown risks may adversely affect investment results and/or the ability to achieve your investment objectives.

#### **Risk That You May Not Meet Your Objectives**

We cannot offer any guarantees or promises that our recommendations will be profitable or that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Item 9: Disciplinary Information**

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

ETFMS has no criminal or civil actions to report.

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

ETFMS has no administrative proceedings to report.

#### **C. Self-regulatory Organization (SRO) Proceedings**

ETFMS has no self-regulatory organization proceedings to report.

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

#### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither ETFMS, its representatives or any of its affiliates and their representatives are registered as, or have pending applications to become, a broker-dealer or a representative of a broker-dealer.

#### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither ETFMS, its representatives or any of its affiliates and their representatives are registered as, or have pending applications to become, a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor or an associated person of the forgoing entities.

### C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

ETF Model Solutions, LLC is affiliated through common control and ownership, and shares offices with, Endowment Wealth Management, Inc. (“EWM”), an investment advisory firm registered with the U.S. Securities and Exchange Commission. ETF Model Solutions, LLC and Endowment Wealth Management, Inc. share intellectual property, primarily human resources, proprietary investment management and asset allocation research data, research tools, database services, and other operational resources. Through a licensing agreement between the firms, ETF Model Solutions, LLC makes available its investment model solutions to Endowment Wealth Management, Inc. In some circumstances, the two firms may each provide services to the same client. To avoid conflicts that would otherwise generate additional revenue to either firm, either ETF Model Solutions, LLC will waive its fees, or EWM will waive and/or reduce its fees when providing services to the same client. Otherwise, ETF Model Solutions, LLC and Endowment Wealth Management, Inc.’s services and fees are separate and distinct. ETF Model Solutions always acts in the best interest of the Client. Clients are in no way required to engage the services of any representative of ETF Model Solutions regarding such individual’s activities outside of ETF Model Solutions.

Prateek Mehrotra, Robert Louis Riedl, Timothy Joseph Landolt, John David Weninger, Jamie Brown and Sam Moore are investment adviser representatives with Endowment Wealth Management, Inc. From time to time, they may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Endowment Wealth Management, Inc. is the adviser to one or more pooled investment vehicles, containing private equity and venture capital investments. ETF Model Solutions, LLC always acts in the best interest of the client and clients are in no way required to engage the services of any representative of ETF Model Solutions in connection with such individual’s activities outside of ETF Model Solutions.

ETF Model Solutions, LLC is affiliated through common control and ownership, and shares offices with, Global Alternative Investment Management LLC (“Global Alts”), a private fund management company. Global Alts creates and markets private funds to serve high net worth (Accredited, Qualified Clients and Qualified Purchasers). ETFMS may present to its clients (those that meet the income and net worth requirements) investment opportunities in funds managed by Global Alts. Funds managed by Global Alts assess management and performance-based fees. Global Alts may also provide accounting services to its funds, for which it may be compensated on an hourly basis. Global Alts’ services and fees are separate and distinct from those of ETFMS. ETFMS’ affiliation with Global Alts creates a conflict of interest as Global Alts may potentially receive greater management and incentive fee than ETFMS may otherwise earn. ETFMS has a fiduciary relationship to act in the best interest of all its Clients, and this fiduciary relationship is paramount to any benefit received by ETFMS or any of its affiliates. Clients are not obligated to invest in any of Global Alts’ funds, nor are they required to engage the services of any representative of ETF Model Solutions regarding such individual’s activities outside of ETF Model Solutions.

As part of our relationship with Mid Atlantic Capital Group/Mid Atlantic Trust Company, Mid Atlantic may offer us services intended to help us manage and further develop our business enterprise, such as access to webinars, conferences, and advice on how to utilize their platform to grow our business. Mid Atlantic may offer different or expanded services in the future. These services could create an incentive for us to recommend that Clients invest through the ModelxChange platform. This is a potential conflict given that our interest in recommending Mid Atlantic could be influenced by our receipt of these services to our business.

#### D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

ETF Model Solutions does not utilize nor select third-party investment advisers. All assets are managed by ETFMS.

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

#### A. Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests always and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. ETF Model Solutions' policy is based upon the principle that its directors, officers, owners, and employees owe a fiduciary duty to clients to conduct personal securities transactions in a manner that does not interfere with client transactions or would otherwise take unfair advantage of their relationship with our clients. All our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our Firm submit reports of their personal account holdings and transactions to a qualified representative of our Firm who will review these reports on a periodic basis. Persons associated with our Firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our Firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

#### B. Recommendations Involving Material Financial Interests

ETF Model Solutions, and its associated persons may own securities (such as ETFs and mutual funds) that are held in our model portfolios and/or are recommended to clients. This may be deemed a conflict of interest. ETF Model Solutions has adopted a Code of Ethics to address any conflicts or potential conflicts of interest. ETF Model Solutions restricts its associated persons from transacting in securities during any model trading periods unless such employees have invested in the Model and account is being rebalanced along with all others in the model. ETF Model Solutions compliance officer reviews personal securities transactions of associated persons on a quarterly basis to ensure compliance with this policy.

#### C. Participation or Interest in Client Transactions

ETFMS, its employees, and its affiliates do not engage in any proprietary firm trading activities or participate in any revenue sharing with third parties with respect to securities transactions recommended to Clients.

#### D. Investing Personal Money in the Same Securities as Clients

ETFMS, its affiliates, and persons employed by or associated with ETFMS are permitted to buy or sell the same securities for themselves that are also recommended to Clients, provided those transactions are consistent with ETFMS's policies and procedures. ETFMS has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of

1940 (the “Advisers Act”), ETFMS’s Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by ETFMS or any of its associated persons. The Code of Ethics also requires that certain of ETFMS personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain preapproval of certain investments such as initial public offerings and limited offerings.

ETF Model Solutions will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client’s disadvantage when similar securities are being bought or sold.

#### E. Trading Securities at/Around the Same Time as Clients’ Securities

ETFMS, representatives of ETFMS, or ETFMS affiliates and/or their representatives may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of ETFMS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, ETFMS will never engage in trading that operates to the client’s disadvantage when similar securities are being bought or sold.

### Item 12: Brokerage Practices

#### A. Factors Used to Select Custodians and/or Broker/Dealers

ETF Model Solutions does not maintain custody of your assets that we manage or on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Capability to execute, clear, and settle trades (buy and sell securities for your account) itself or to facilitate such services.
- Capability to facilitate timely transfers and payments to and from accounts.
- Quality of services.
- Competitiveness of the price of those services and willingness to negotiate the prices.
- Reputation, financial strength, and stability.
- Prior service to us and our other clients.

In addition, custodians/broker-dealers will be recommended based on ETFMS’ duty to seek “best execution,” which is the obligation to seek to execute securities transactions for a Client on terms that are the most favorable to the Client under the circumstances. The Client will not necessarily pay the lowest commission or commission equivalent, and ETFMS may also consider the market expertise and research access provided by the payment of commissions, including but not limited to access to written research, oral communication with analysts, admittance to research and industry-related conferences and other resources provided by the brokers to aid in the research efforts of ETFMS. ETF Model Solutions will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian. See Item 14 for additional disclosures on other benefits we may receive resulting from our relationships with recommended custodians.

## 1) Research and Other Soft-Dollar Benefits

ETF Model Solutions' only source of revenue is from the advisory fees paid to us by our clients. ETF Model Solutions does not accept soft dollar payments, nor do we maintain any agreement that compensate us for doing business with any other entity. However, certain platforms and service providers with which we have partnered to serve our client accounts make available to us certain services, as outlined below.

### SERVICES AVAILABLE TO US

Mid Atlantic Trust Company operates ModelxChange Turnkey Asset Management Platform. Fidelity operates the Separate Account Network. These entities serve as custodians or broker dealers serving independent investment advisory firms like ETF Model Solutions. Mid Atlantic and Fidelity provide us with various support services which may not be available to retail customers. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. These support services are generally available on an unsolicited basis (we don't have to request them). ETF Model Solutions compensates Mid Atlantic for Advisors a \$150 monthly fee to provide certain reporting and related services, such as generating fact sheets for our investment models.

Following is a more detailed description of these support services:

1. **SERVICES THAT BENEFIT YOU.** Access to a range of investment products, execution of securities transactions, and custody of client assets. Services described in this paragraph generally benefit you and your account.
2. **SERVICES THAT MAY NOT DIRECTLY BENEFIT YOU.** Mid Atlantic and Fidelity also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts, such as software and technology that may:
  - Assist with back-office functions, recordkeeping, and client reporting of our clients' accounts.
  - Provide access to client account data (such as duplicate trade confirmations and account statements).
  - Provide pricing and other market data.
3. **SERVICES THAT GENERALLY BENEFIT ONLY US.** By using Mid Atlantic and Fidelity for Advisors, we may be offered other services intended to help us manage and further develop our business enterprise. These services may include:
  - Educational content via webinars and conference attendance, as well as other and resources to assist us in serving our clients.
  - Consulting on technology, compliance, legal, and business needs.

### OUR INTEREST IN BETTERMENT SECURITIES' SERVICES

We believe that our selection of Mid Atlantic and Fidelity as custodians and brokers is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of their services (see "How we select brokers/custodians") and not the services that benefit only us.

See item 14 for additional economic benefits provided to us by Custodians.



## 2) Brokerage for Client Referrals

ETF Model Solutions receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## 3) Clients Directing Which Broker/Dealer/Custodian to Use

We do not allow directed brokerage.

(a) *Managed ETF Models.* Custody options available to clients are limited to the authorized custodians made available through the respective Separately Managed Account, Turnkey Asset Management Platforms or wrap fee programs upon which ETFMS' models are available. For example, clients accessing our models through the ModelxChange, platform are required to custody at Mid Atlantic Trust Company. Clients accessing our models on Fidelity's Separate Account Network must custody at Fidelity.

(b) *Model licensing.* Turnkey asset management platforms or advisory firms licensing the models are responsible for negotiating custody agreements and terms with various custodians.

## B. Aggregating (Block) Trading for Multiple Client Accounts

ETF Model Solutions does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. However, our platform partners, custodians and/or brokerage firms where clients' custody their accounts may aggregate block trades for multiple client accounts.

## Item 13: Reviews of Accounts

### A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

*Investment management, model management, model licensing.* In addition to ongoing model and portfolio management review and monitoring, all other ETFMS' asset allocation models and portfolio management/client accounts, including those managed through ModelxChange are reviewed on a quarterly basis by members of the Firm's Investment Committee with respect that the investment models are allocated consistent with the Firm's strategic investment outlook and that client accounts are allocated consistent with their respective risk profile, goals, or investment policy statements, if applicable.

### B. Factors That May Trigger a Non-Periodic Review of Client Accounts

Portfolio management reviews may be triggered by material market, economic or political events, requests by independent advisers, or by changes in clients' financial situations (such as retirement, termination of employment, physical move, health issues or inheritance).

### C. Content and Frequency of Regular Reports Provided to Clients

Each client may have access to a daily report that details the client's account including assets held and asset value. These reports are provided by the custodian that holds the client's assets. These reports will be generated by the custodian and are typically available through credentialed access via the custodian's online website.



## Item 14: Client Referrals and Other Compensation

### A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients

No direct link exists between ETFMS and the investment vehicles or other service providers that we recommend to you. We do not receive compensation from any source other than our clients. However, we may receive some direct or indirect benefits from investment providers, mutual fund or exchange-traded fund management or distributor groups, custodians, or platform providers. Such support includes services and products, certain of which assist ETFMS in its research and ongoing management of its models. Examples of benefits include discounted or gratis attendance at educational conferences, seminars, or other educational and/or social events, which may include lunch or dinner, or reimbursement in connection to educational, marketing or product information meetings. We may also be granted access to specialized, non-public, “financial advisor” web sites, which may contain additional academic research, practice management articles, newsletters, educational video presentations, software, and investment returns data. ETF Model Solutions does not accept travel reimbursement from investment managers with respect to due diligence trips.

Certain of these support services and/or products we receive may assist in managing and/or servicing our models. Others do not directly provide such assistance, but rather assist us to manage and further our enterprise. Such attendance and gratuities may be interpreted as a conflict of interest as they provide an economic benefit to us. ETF Model Solutions’ policies and procedures seek to mitigate this conflict by prohibiting its personnel from accepting items of material value, or other inappropriate gifts, favors, entertainment, special accommodations, or other items of material value that could influence their decision-making or make them feel beholden to a person or firm. We believe that our selection of our brokerage and custodial partners are in the best interest of our Clients. Any benefits that we receive are minimal and do not compromise our advice provided to our clients. Neither ETFMS nor any of its affiliates pay more for investment transactions effected or assets maintained at any custodian because of these arrangements. ETF Model Solutions is under no obligation to use any service or product or invest any specific amount or percentage in any specific investment, nor will we ever recommend an investment, product or service based upon the receipt of such benefits.

### B. Compensation to Non – Advisory Personnel for Client Referrals

ETF Model Solutions may enter written arrangements with third parties to act as wholesalers and/or solicitors for the Adviser’s investment management services. To receive a cash referral fee from our Firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to ETFMS by a Solicitor, you should have received a copy of this brochure along with the Solicitor’s disclosure statement at the time of the referral. For clients referred to ETFMS by a Solicitor, the Solicitor that referred you to ETFMS will receive either: (1) a percentage of the advisory fees paid to ETFMS by the client for as long as that client is advised by ETFMS, or until our agreement with the Solicitor expires, or (2) a one-time, flat referral fee upon the client signing an advisory agreement with ETFMS. Clients will not pay additional fees because of any referral arrangement. Referral fees paid to a Solicitor are contingent upon the prospective client entering into an advisory agreement with ETFMS. Therefore, a Solicitor has a financial incentive to recommend ETFMS to prospective clients for advisory services. This creates a conflict of interest; however, you as a prospective client are not obligated to retain our Firm for advisory services. Comparable services and/or lower fees may be available through other firms.

ETF Model Solutions’ agreements limit wholesaler and solicitor activities to marketing and educational functions. Solicitors are not authorized to and may not provide investment advisory services during their activities on behalf of ETFMS.

## C. Economic Benefits Provided to Unaffiliated Third Parties

ETF Model Solutions requires that clients seeking to business with us do so through Mid Atlantic's ModelxChange, Fidelity's Separate Account Network, and potentially other platforms and custodians. As a result of this requirement, we may be deemed to give Mid Atlantic, Fidelity and any other of these entities an indirect benefit in the form of the asset-based fees, commissions or other revenues they may receive for providing services to your account.

## Item 15: Custody

ETF Model Solutions does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the client's custodian. Clients will receive account statements from the custodian and should carefully review those statements.

*(a) Clients that custody at Mid Atlantic Trust Company, Fidelity, or other custodians.* Under government regulations, we are deemed to have custody of client assets if, for example, the client authorizes ETFMS to instruct their account custodian to deduct our advisory fees directly from the client account. Custodians maintain actual custody of client assets. Custodians will provide statements no less than quarterly. Clients should carefully review those statements promptly.

Plan client's statements are available for review on the activity section of the ModelxChange portal or, for retirement Plan Sponsors, a portal provided by the Plan's Third-Party Administrator (TPA).

Platform sponsors negotiate custody and trading arrangements with brokerage firms that custody the separate and unified managed accounts. ETF Model Solutions does not control or maintain influence as to which custodians are available at any platform.

## Item 16: Investment Discretion

ETF Model Solutions maintains discretion over accounts which are managed according to our models on Separately Managed Account Platforms (including Mid Atlantic's ModelxChange and Fidelity's Separate Account Network) to the extent that these accounts will be allocated according to each model's respective target allocation and that our model changes and rebalance instructions trigger transactions to bring your account into alignment with our intended target allocations.

## Item 17: Voting Client Securities (Proxy Voting)

Unless otherwise agreed upon, ETFMS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. In some instances, platform sponsors and/or custodians may offer proxy voting services for securities held in client accounts. Clients should direct all proxy questions to the issuer of the security.

## Item 18: Financial Information

### A. Balance Sheet

ETF Model Solutions, LLC neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

**B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither ETF Model Solutions, LLC nor its management has any financial condition that is likely to reasonably impair ETFMS' ability to meet contractual commitments to clients.

**C. Bankruptcy Petitions in Previous Ten Years**

ETF Model Solutions, LLC has not been the subject of a bankruptcy petition in the last ten years.