

Cover Page - Item 1

***Alchemi Wealth, LLC***

**Form ADV Part 2A Brochure**

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Alchemi Wealth, LLC is a registered investment adviser. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Alchemi Wealth, LLC. If you have any questions about the contents of this brochure, please contact us at (860) 767-7500. 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 Alchemi Wealth, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The firm's CRD/IARD number is 310451.

## Material Changes - Item 2

The purpose of this page is to inform you of any material changes since the previous version of this disclosure brochure.

On February 1, 2024, we submitted our annual updating amendment filing for fiscal year 2023. There were no material changes to report.

We will review and update, as needed, our brochure at least annually to make sure that it remains current.

If you would like to receive a complete copy of our current brochure free of charge at any time, please contact us at (860) 767-7500 or at [Michael.johnson@alchemiwealth.com](mailto:Michael.johnson@alchemiwealth.com).

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#### **Advisory Business - Item 4**

Alchemi Wealth, LLC (hereinafter "Alchemi," "Advisor" or "Firm") is a registered investment advisor based in Essex, CT. We are a limited liability company, organized under the laws of the State of Connecticut. We have been providing investment advisory services since 2020. Steven John Johnson, Managing Member, and Michael Steven Johnson, Managing Member are the principal owners of Alchemi. They respectively own 65% and 35% of the Firm.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, an employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly registered as investment adviser representatives.

Alchemi offers a variety of investment advisory services to our clients with discretionary and non-discretionary authority. Alchemi's services include investment management and financial planning services. Prior to providing advisory services, clients are required to enter into a written agreement with Alchemi.

#### **Investment Management Services**

We work with our clients to identify their investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement their clients' financial goals and objectives. We create a portfolio, consisting of, but not limited to individual stocks or bonds, exchange traded funds (ETFs), no-load funds and/or load-waived funds (front-end commissions will not be charged).

Each portfolio will be initially designed to meet a particular investment goal which Alchemi has determined to be appropriate to the client's circumstances. Once the appropriate portfolio has been determined, we will review the portfolio and rebalance the account based upon our client's individual needs, stated goals and objectives. Alchemi's strategy, generally, will be to seek to meet client investment objectives while providing clients with access to personal advisory services. Alchemi may also provide advice about any type of legacy position or other investment held in client portfolios.

As a fiduciary, Alchemi always acts solely in your best interests. Your portfolio is customized based on your investment objectives. You may make requests or make suggestions in writing regarding the investments made in your portfolio. Restrictions on trading which, in our opinion, are not in your best interest cannot be honored and if forced may result in the termination of our agreement. You will be notified in writing of any restrictions we cannot honor.

In cases where we are not given discretion, we must receive permission from the client to make any trades on a non-discretionary basis. In non-discretionary accounts, you have the right to decide whether to act upon Alchemi's or associated person's recommendations. If you elect to act on any of the recommendations, you have the right to effect the transaction through a professional unaffiliated with Alchemi.

#### **Management of Held Away Assets**

As part of our overall portfolio management services, we provide asset allocation review, rebalancing and management services for accounts that are not held in custody of the qualified custodian(s) recommended by our firm. These services are provided through an account aggregation service called Pontera. The service primarily applies to ERISA and non-ERISA plan assets such as 401(k)s and 403(b)s, and other assets that must be held in custody of the plan custodian(s). We regularly review the available investment options in these accounts, monitor them, and periodically rebalance and implement our strategies using different tools as necessary. If you elect to allow us to manage your assets through Pontera, you will be notified via email when we place trades through Pontera.

#### **Financial Planning Services**

Alchemi offers financial planning as part of our investment management services for our clients. Financial planning will take into account information collected from the client such as financial status, investment objectives, tax status, and financial resources among other data.

Financial Planning includes reviews and recommendations on any or all of the following areas depending on the Client's circumstances:

- Investment Planning
- Portfolio Review and Evaluation
- Budgeting and Cash Flow Planning
- Debt Management
- Capital Needs Analysis (Goal Funding)
- Education Planning
- Insurance Analysis & Planning
- Tax Management & Planning
- Trust and Estate Planning
- Retirement Planning
- Business Planning

Financial planning services can vary and are customized depending on each client's circumstances.

#### **Wrap Fee Programs**

We do not sponsor, manage, or participate in any wrap fee programs.

#### **Assets Under Management**

As of January 25, 2024, we manage approximately \$132,927,521 in client assets on a discretionary basis and approximately \$76,407,158 in client assets on a non-discretionary basis.

**Important Note: Information related to legal matters that is provided as part of our services is for informative purposes only. Clients are instructed to contact their legal advisers for personalized advice.**

### **Fees and Compensation - Item 5**

#### **Investment Management Services Fees**

| <b>Assets Under Management</b> | <b>Annual Fee (%)</b> |
|--------------------------------|-----------------------|
| \$0 to \$499,999               | 1.50%                 |
| \$500,000 to \$2,499,999       | 1.25%                 |
| \$2,500,000 to \$4,999,999     | 1.00%                 |
| \$5,000,000 and above          | 0.75%                 |

Minimum Account Size: Alchemi does not have an account minimum.

Fees are negotiable. Fees may differ based on a number of factors:

- Size of the relationship – Larger accounts may receive more favorable pricing.
- Accounts within the same household may be combined for a reduced fee.
- Level of services needed – Accounts requesting more services may have higher fees.

- Trading activity and active portfolio management – actively managed accounts generally have higher fees than fixed income accounts, buy and hold portfolios, and mutual fund or exchange traded fund accounts.
- Accounts with conservative allocations may negotiate lower fee schedules.
- Our employees and their family related accounts are charged a reduced fee for services.

For held away assets managed through Pontera, Pontera does not offer us the ability to deduct fees from the account. As such, fees for the management of held away assets will either be paid directly by you or deducted from another account that we manage for you at the qualified custodian(s) recommended by us. Fees for accounts managed through Pontera will be based on the value of the account on the last day of the quarter.

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded.

When we provide investment management services, we do not charge additional fees to work with your attorney and/or accountant. Our fee includes the time and activities necessary to work with your attorney and/or accountant in reaching agreement on solutions, as well as assisting them in implementation of all appropriate documents. We are not responsible for attorney or accounting fees charged to you as a result of the above activities.

Compensation for our services will be calculated in accordance with what is set in the client agreement. We may modify the terms of any agreement by written changes submitted to the client for signature. Changes will not be effective until Alchemi has received the signed agreement from the client. While we strive to maintain competitive fees, the same or similar services may be available from other firms at higher or lower fees.

Alchemi requires written authorization from the client to deduct advisory fees from an account held by a qualified custodian. At the same time Alchemi sends the qualified custodian written notice of the amount of the fee to be deducted from the client's account, Alchemi sends the client a written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based. Alchemi fees are paid from your account by the custodian when we submit an invoice to them. We strongly urge you to compare our invoices to custodian statements for accuracy.

Alchemi investment management fees are generally calculated and payable quarterly in advance based on the value as of the last business day of the prior quarter, with payment due within 10 days from the date of the invoice. Some contracts charge in arrears, that is, at the end of the billing cycle as of the last day of the quarter. Our fee is determined by taking the percentage rate we charge, divided by four, times the market value of the account. The market value is the sum of the values of all assets in the account. In cases where there are partial periods at the commencement or termination of our agreement, fees will be billed or refunded on a pro-rated basis based on the number of days services were provided in the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on the above pro rata basis.

If there is insufficient cash in your account to pay your fees, securities in your portfolio may be sold to pay our fee. In addition to our fees, there may be custodial, mutual fund, 12b-1 fees or similar third party management fees and charges.

You are responsible for the payment of all third-party fees (i.e. Custodian fees, mutual fund fees, 12b-1 fees, transaction fees & commissions, etc.). Those fees are also separate and distinct from the fees we charge.

Alchemi does the best we can to minimize all fees and transaction costs by working with a Custodian that has low transaction costs and custodial fees, and has availability to low cost ETFs and mutual funds.

All brokerage commissions, stock transfer fees, 12b-1 fees and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us. While we take measures to ensure the fees charged are accurate, it is your responsibility to ensure the amount of fee charged is correct. In addition to invoices and reports sent by us, you will receive statements directly from these custodians or mutual funds or other investments you hold. We strongly urge you to compare our invoices and reports to custodian statements for accuracy.

The investment advisory contract may be terminated by the client within five (5) days of signing the contract without incurring any advisory fees or penalty. Ongoing, Alchemi or our clients can terminate our agreement upon receipt of written notice to the other party.

When an agreement is terminated, we will refund any pre-paid, unearned fees based on the number of days remaining in the quarter after termination. Refunds will be made within 30 days of the effective date of termination. If billing in arrears, Alchemi will invoice for all earned fees as of the date of termination.

You will be responsible for paying all fees including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to the termination. The custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

Alchemi does not accept commission for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Alchemi associates may receive commission of sales of insurance. See **Other Financial Industry Activities and Affiliations** for additional information.

Alchemi does not take receipt of more than \$500 in fees per client more than six (6) months in advance of the provision of services represented by the fees.

#### **Financial Planning Fees**

Financial planning is provided as part of Alchemi's investment management services. Alchemi does not charge additional fees for financial planning.

#### **IRA Rollover Considerations**

As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from us.

An Associated Person who recommends an investor roll over plan assets into an Individual Retirement Account ("IRA") may earn an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, fees and expenses will increase to the investor as a result because the above-described fees will apply to assets rolled over to an IRA and outlined ongoing services will be extended to these assets.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as

applicable, which are laws governing retirement accounts. We have to act in your best interests and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

#### **Additional Fees and Expenses**

Lower fees for comparable services may be available from other sources. If a conflict exists between the interests of the Advisor or its associated persons and the interest of the client, the client always has the right decide whether to act on any of the recommendations made by Alchemi and if you elect to act on any of the recommendations, you have the right to effect the transactions through a professional unaffiliated with Alchemi. Our fiduciary obligation is to always act and recommend in the clients' best interest.

All fees paid to Alchemi for investment advisory services are separate and distinct from the fees and expenses charged to shareholders by mutual funds or exchange traded funds. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

A client could invest in a mutual fund directly, without the services of Alchemi. In this case, the client would not receive the services provided by Alchemi, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to their financial condition and objectives. Accordingly, clients should review the fees charged by the funds and the fees charged by Alchemi to fully understand the total amount of fees charged and to evaluate the cost of advisory services being provided.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

#### **Billing on Cash Positions**

The firm treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

#### **Compensation for the Sale of Insurance Products**

Certain Executive officers and other Associated Persons of Alchemi are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to clients of Alchemi. Insurance commissions earned by these persons are separate and in addition to Alchemi's advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. **Clients of our firm are under no obligation, contractually or otherwise, to purchase insurance products through any person or entity affiliated with our firm.**

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

Performance-based fees are based on a share of capital gains on or capital appreciation of the client's assets. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not accept

performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account(s).

#### Types of Clients - Item 7

Alchemi generally provides asset management and financial planning services to Individuals, High-Net-Worth Individuals, Trusts, Estates, Corporations, and Charities. Alchemi does not have an account minimum.

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

In determining the recommendations to give to you, we first gather and consider information regarding several factors including our client's:

- Current financial situation;
- Investment goals and objectives;
- Current and long-term needs;
- Tolerance and appetite for risk; and
- Level of investment knowledge.

Alchemi uses multiple sources of information to obtain analysis and strategies. They include sources such as financial newspapers, financial magazines, research prepared by others, corporate rating services, prospectuses, company press releases, annual reports and filings with the SEC.

Alchemi's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

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

Cyclical analysis involves the analysis of business cycles to find 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.

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

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.

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

#### **Investment Strategies**

Alchemi uses long term trading and short term trading.

Long term trading 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.

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.

#### **Risk of Loss**

All investments include a risk of loss that clients should be prepared to bear. Performance of any investment is not guaranteed. We use our best efforts and expertise to manage your assets. However, we cannot guarantee any level of performance or that you will not experience financial loss.

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 making the assumption that past performance will be indicative of future performance. This may not be the case.

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, then it changes the very cycles these investors are trying to exploit.

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.

Modern portfolio theory assumes that investors are risk averse, 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.

Quantitative analysis Investment strategies using quantitative models may perform differently than expected as a result 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.

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 take into account new patterns that emerge over time.

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.

We provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security

has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

**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. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). ETFs offer investors a way to pool their money in a fund that makes investments in stocks, bonds, other assets or some combination of these investments and, in return, to receive an interest in that investment pool. ETFs do not sell individual shares directly to, or redeem their individual shares directly from, retail investors. Instead, ETF shares are traded throughout the day on national stock exchanges and at market prices that may or may not be the same as the NAV of the shares. Investors in ETFs cannot directly influence which securities are included in the funds’ portfolios. Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or 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 conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can 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.

Private investment funds are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their

investments and performance. Moreover, as sales of shares of private investment companies are generally restricted to certain qualified purchasers, it could be difficult for a client to sell its shares of a private investment company at an advantageous price and time. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the client's investment in these companies.

Non-traded REITs, business development companies, limited partnerships, and direct alternatives are subject to various risks such as liquidity and property devaluation based on adverse economic and real estate market conditions and may not be suitable for all investors. A prospectus that discloses all risks, fees and expenses may be obtained from your advisor. Read the prospectus carefully before investing. This is not a solicitation or offering which can only be made in conjunction with a copy of the prospectus. Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature and may involve a high degree of risk, particularly if concentrating investments in one or few alternatives investments.

Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds, seek to provide the opposite of the single-day performance of the index or benchmark they track. Inverse funds are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds also use leverage, such that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e., -200%, -300%). In addition to leverage, these funds may also use derivative instruments to accomplish their objectives. As such, inverse funds are highly volatile and provide the potential for significant losses.

#### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or of the integrity of our management. On January 1, 2019, The Massachusetts Securities Division issued an order against Steven Johnson, Managing Member, requiring him to retain an independent compliance consultant to assist him and Alchemi Wealth Management, LLC, his previous firm, with certain heightened reporting obligations to the Division for a period of 3 years. Further information about this Order may be found at the following link: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Mr. Johnson's CRD number is 1566648. Alchemi firm has no history of reportable material legal or disciplinary events.

#### **Other Financial Industry Activities or Affiliations - Item 10**

Alchemi is not registered as a broker-dealer. Neither Alchemi nor our employees are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

The principal business of Alchemi is that of a registered investment advisor and provider of financial planning services. Some of our associates may be insurance agents. Associates who are insurance agents will be paid based on these services they provide. Alchemi associates have a conflict of interest when providing insurance services. Alchemi associates who are insurance agents have an incentive to recommend insurance based on the compensation they receive rather than based on your best interest. Alchemi mitigates this conflict by this disclosure to you. You have the right to decide whether to purchase insurance and use insurance agents who are also associates of Alchemi or whether to use an outside agency. As a fiduciary, Alchemi will only make a recommendation to purchase insurance when it is in the client's best interest.

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

We have adopted a Code of Ethics to which all investment advisor representatives and employees are bound to adhere. The key component of our Code of Ethics states that Alchemi and its investment advisor representatives and employees shall always:

- Act with integrity, competence, dignity, and ethically when dealing with the public, clients, prospects, employers, and employees.
- Exercise their authority and responsibility for the benefit and interest of clients first and to refrain from having outside interests that conflict with the interests of its clients. Alchemi must avoid any circumstances that might adversely affect or appear to affect its duty of complete loyalty to its clients.
- Refrain from disclosing any nonpublic personal information about a client to any nonaffiliated third party unless the client expressly gives permission to Alchemi to do so. All client information will otherwise be treated as confidential.
- Maintain the physical security of nonpublic information, including information stored on computers.

This Code of Ethics is in place to guide the personal conduct of our team and embodies our fiduciary duties and responsibilities to you and sets forth our practice of supervising the personal securities transactions of employees with prior or concurrent access to client trade information. A copy of Alchemi's Code of Ethics is available upon request to our firm at (860) 767-7500 or at [Michael.johnson@alchemiwealth.com](mailto:Michael.johnson@alchemiwealth.com).

Alchemi, or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients' accounts before we buy or sell from our accounts.

In some cases, Alchemi, or its employees, may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client. There are conflicts of interest, which our Code of Ethics addresses. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

Alchemi does not buy or sell between Alchemi, our employees or our clients' accounts.

Alchemi always tries to get the best price for the client. Alchemi has in place internal controls and processes to allow contemporaneous trading (submitting Alchemi or employee orders at the same time as client order) in block or aggregate trades. In other cases, except in the case of unaffiliated mutual funds, we will always trade individual securities in a client account before we trade Alchemi or employee accounts.

#### **Brokerage Practices - Item 12**

Alchemi has an institutional custodial relationship with Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC. Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and will buy and sell securities in your account(s) upon our instructions. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and you will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you.

##### *Your Custody and Brokerage Costs*

Schwab generally does not charge you separately for custody services, but is compensated by charging commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. Clients who have opened a Wrap Program account do not pay any separate fees to Schwab because Alchemi's fee is inclusive of all fees paid to Schwab.

##### *Research and Other Soft Dollar Benefits*

Although not considered "soft dollar" compensation, Alchemi may receive some economic benefits from Schwab Advisor Services in the form of access to its institutional brokerage, trading, custody, reporting and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, Schwab may charge us quarterly service fees. Below is a detailed description of Schwab's support services:

*Services that Benefit You:* Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services that May Not Directly Benefit You:* Schwab also makes 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. They include investment research, both Schwab's own and that of third

parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

*Services that Generally Benefit Only Us:* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Alchemi understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all Alchemi clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While Alchemi may not always obtain the lowest commission rate, Alchemi believes the rate is reasonable in relation to the value of the brokerage and research services provided.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

#### **Directed Brokerage**

The client may direct brokerage to a specified broker-dealer other than the firm recommended by Alchemi. In the event that a client directs Alchemi to use a particular broker-dealer, the firm may not be authorized under these circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct the firm to use a particular broker-dealer and those who do not.

#### **Trade Aggregation/Block Trading**

Alchemi may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality and cost of execution. When transactions are aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. Alchemi may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, and the liquidity of the securities. If the firm does not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money. Alchemi and/or its Associated Persons may participate in block trades with clients; however, Alchemi and/or its Associated Persons will not participate on a pro rata basis for partial fills.

#### Review of Accounts - Item 13

Accounts receiving investment management services are reviewed by Steven John Johnson or by the Associated Person assigned to the account. Reviews may be conducted in person, over the phone, or via internet-based video conference call services, such as ZOOM.

The frequency of reviews is determined based on your investment objectives, but no less than quarterly. More frequent reviews are triggered by a change in your investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate. At least annually, we will review with you your financial goals, investment objectives and any life changes.

All investment management clients receive portfolio reports as needed, but no less than annually. Alchemi portfolio reports will provide a performance summary of your account. Portfolio reports are generated with data provided by the custodian data. Investment advisory clients also receive standard account statements from the custodian of their accounts on at least a quarterly basis. We strongly urge you to compare our invoices and reports to custodian statements for accuracy.

#### Client Referrals and Other Compensation - Item 14

##### Economic Benefits Received from Custodians

Alchemi has brokerage and clearing arrangements with Schwab and the firm receives additional benefits from them in the form of electronic delivery of client information, electronic trading platforms, institutional trading support, proprietary and/or third-party research, continuing education, practice management advice, and other services provided by custodians for the benefit of investment advisory clients.

##### Economic Benefits Received from Product sponsors

Product sponsors may also pay for or reimburse Alchemi for the costs associated with Associated Persons attending various education or training events, as well as client appreciation events organized by Alchemi.

The receipt of additional economic benefits presents a conflict of interest because our firm and Associated Persons have an incentive to recommend and use custodians, vendors and product sponsors based on the additional economic benefits obtained rather than solely on the client's needs. We address this conflict of interest by recommending custodians, vendors and products that we, in good faith, believe are appropriate for the client's particular needs. Clients are under no obligation contractually or otherwise, to use any of the custodians, vendors and products recommended by us.

##### Clough Capital Partners L.P.

Clough Capital Partners L.P. ("Clough Capital") is the investment adviser to the following actively managed Exchange-Traded Funds ("ETF"):

- Capital Long Short Equity ETF ("CBLS"); and
- Capital Sustainable Equity ETF ("CBSE").

Clough Capital also provides our firm with various additional services, such as access to model portfolios that include investments in CBLS and CBSE. The allocations of the portfolio models to CBLS and CBSE vary depending on the portfolio model and can range from 0% to 10% (as of May 2022). In some cases, the internal fees associated with the CBLS and CBSE are higher than other ETFs included in our portfolio models.

In addition, Clough Capital provides Alchemi and our clients with market commentary via monthly webinars and makes its portfolio manager available to Alchemi for ad hoc conversations about the market and investment ideas at no cost to our firm.

The relationship between Alchemi and Clough Capital creates an inherent conflict of interest because Alchemi has an incentive to use the services of Clough Capital and to recommend ETFs managed by Clough Capital over other investment advisers that have no relationship with Alchemi. We address this conflict by disclosing this relationship and by upholding our fiduciary duty of acting solely in our clients' best interest.

Alchemi will disclose any material conflict of interest relating to Alchemi, our representatives, or any of our associates which could reasonably be expected to impair the rendering of unbiased and objective advice. As fiduciaries, Steven Johnson and Michael Johnson will only act in the client's best interest.

#### SmartAdvisor

Alchemi receives client referrals from SmartAdvisor (a.k.a. SmartAsset), a third-party vendor. SmartAsset's parent company, Financial Insight Technology, Inc., provides free online tools to assist consumers in making financial decisions about home buying, refinance, retirement, life insurance, taxes, investing and personal loans through web-based online Tools. As part of the online Tools, SmartAsset provides an online tool that allows consumers interested in financial planning services to input their full name, email, and/or personal phone number in order to be connected with financial advisors for the purpose of receiving financial planning. SmartAsset uses commercially reasonable efforts to connect Alchemi with potential client Leads in accordance with the terms and conditions in their vendor agreement. Alchemi pays SmartAsset a predetermined flat fee as set forth in the vendor's agreement; Alchemi does not share any ongoing advisory fees with SmartAsset.

### Custody - Item 15

Alchemi never has physical custody of client funds or securities. Assets will be maintained by an unaffiliated, qualified custodian. Alchemi is deemed to have custody of client funds solely because of our authority to deduct advisory fees from your account and in certain situations where we accept standing letters of authorization from clients to transfer assets to third parties. We maintain safeguards in accordance with regulatory requirements regarding custody of client assets. The custodian will send client statements at least quarterly which will include fees charged by Alchemi. Please see Fees and Compensation regarding direct deduction of our fees from your account. We strongly urge you to compare these statements sent to you directly by the custodian with the invoice and reports we send you for accuracy.

Alchemi shall have no liability to the client for any loss or other harm to any property in the account caused by the custodian. This includes harm to any property in the account resulting from the insolvency of the custodian or any unauthorized acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. The client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer.

As a fiduciary, Alchemi will always act in the client's best interests and in doing so, the above does not limit or modify that duty to our clients.

### Investment Discretion - Item 16

Alchemi asks our clients to give us discretionary authority to execute transactions without our client's prior approval. These transactions may include the purchase and selling of securities, arranging for payments or generally acting on behalf of our clients in most matters necessary to the handling of the account. This includes the buying or selling of securities, the rebalancing and selection of portfolios or the disbursement of first-party funds directly to the client as requested or arranged. Discretionary authority is granted once an election is made on the Investment Advisory Agreement and the agreement is signed by the client. In cases where we are not given discretion, we must receive permission from the client to make any trades on a non-discretionary basis.

You may make requests or make suggestions in writing regarding the investments made in your portfolio. Restrictions on trading which, in our opinion, are not in your best interest cannot be honored and if forced may result in the termination of our agreement.

#### Voting Client Securities - Item 17

The clients of Alchemi retain the authority to proxy vote. You should ensure that proxy ballots are mailed directly to you by selecting this option on your custodial application forms. You are welcome to delegate said proxy voting authority to a third-party representative (non-advisory personnel) by filing the appropriate custodial form. Alchemi will not accept authority to vote client proxies. This policy is set forth in Alchemi's standard advisory agreements.

Should Alchemi inadvertently receive proxy information for a security held in clients' accounts, it would immediately forward such information on to clients, but will not take any further action with respect to the voting of such proxy.

Upon termination of the advisory relationship, Alchemi will make a good faith and reasonable attempt to forward proxy information inadvertently received on behalf of clients to the forwarding address provided by clients. Clients may contact Alchemi for advice or information about a particular proxy vote; however, Alchemi shall not be deemed to have proxy voting authority solely as a result of providing such advice to clients.

#### Financial Information - Item 18

We are required in this Item to provide you with certain financial information or disclosures about Alchemi's, financial condition. Alchemi does not require the prepayment of over \$1,200, six or more months in advance. Additionally, Alchemi has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.

#### Requirements of State-Registered Advisers - Item 19

**This section is not applicable because our firm is SEC registered.**

#### Alchemi Wealth, LLC Privacy Notice

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

#### **INFORMATION WE COLLECT**

Alchemi Wealth, LLC (Alchemi) must collect certain personally identifiable financial information about its customers to provide financial services and products. The personally identifiable financial information that we gather during the normal course of doing business with you may include:

- information we receive from you on applications or other forms;
- information about your transactions with us, our affiliates, or others;
- information we receive from a consumer reporting agency.

#### **INFORMATION WE DISCLOSE**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as necessary to provide services to you. In accordance with Section 248.13 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as our attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

#### **CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those Employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

#### **ACCURACY**

Alchemi strives to maintain accurate personal information in our client files at all times. However, as personal situations, facts and data change over time; we encourage our clients to provide feedback and updated information to help us meet our goals.