



XXI Wealth, LLC

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**Form ADV Part 2A
Brochure**

This brochure provides information about the qualifications and business practices of XXI Wealth, LLC. If you have any questions about the contents of this brochure, please contact us at (312)300-2670. 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 XXI Wealth, LLC is also available on the SEC's website at www.adviserinfo.sec.gov by searching CRD #330796.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training.

Item 2: Material Changes

XXI Wealth, LLC is required to notify clients of any information that has changed since the last annual update of the Firm Brochure ("Brochure") that may be important to them. Clients can request a full copy of our Brochure or contact us with any questions that they may have about the changes.

Since the filing of our initial Form ADV Part 2A, there have been no material changes.

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Item 4: Advisory Business

XXI Wealth offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to XXI Wealth rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with XXI Wealth setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

XXI Wealth filed for registration as an investment adviser in July 2024 and is owned by Matthew Cavanaugh, Kurt Newsom, and Tracy Hoffmann. Matthew Cavanaugh and Kurt Newsom both own their membership interest through their individually owned limited liability companies: Matthew Cavanaugh through Flight Street LLC; and Kurt Newsom through Bedford XXI LLC.

While this brochure generally describes the business of XXI Wealth, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on XXI Wealth’s behalf and are subject to the Firm’s supervision or control.

Financial Planning and Consulting Services

XXI Wealth offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Charitable Giving
- Education Planning
- Financial Reporting
- Insurance Planning
- Investment Consulting
- Retirement Planning
- Risk Management
- Trust and Estate Planning

These services are rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below). In performing these services, XXI Wealth is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.,) and is expressly authorized to rely on such information. XXI Wealth recommends certain clients engage the Firm for additional related services and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage XXI Wealth or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services.

Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by XXI Wealth under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify

the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising XXI Wealth's recommendations and/or services.

Wealth Management Services

XXI Wealth provides clients with wealth management services which include a broad range of financial planning and consulting services described above as well as discretionary and/or non-discretionary management of investment portfolios. XXI Wealth primarily allocates client assets among various individual debt and equity securities, options, privately placed securities (including debt, equity, and/or interests in pooled investment vehicles) and independent investment managers ("Independent Managers") in accordance with their stated investment objectives.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. Clients can engage XXI Wealth to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, XXI Wealth directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

XXI Wealth tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. XXI Wealth consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify XXI Wealth if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if XXI Wealth determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

Use of Independent Managers

As mentioned above, XXI Wealth selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement with the designated Independent Manager. That agreement can be between the Firm and the Independent Manager (often called a subadvisor) or the client and the Independent Manager (sometimes called a separate account manager). In addition to this brochure, clients will typically also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

XXI Wealth evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past

performance, and risk results in relation to its clients' individual portfolio allocations and risk exposure. XXI Wealth also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing, and research capabilities, among other factors.

XXI Wealth continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. XXI Wealth seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

The Firm will provide investment advice and a suitability analysis and determination regarding selection of investment solutions and strategies used by the Independent Manager. The Firm will make the final determinations on any investment solutions, strategies, or any investment decisions for any client.

Assets Held Away From Primary Custodian

The Firm can leverage an Order Management System through Pontera to implement investment selection and rebalancing strategies on behalf of the client in held away accounts (i.e., accounts not directly held with our recommended custodian). These are primarily 401(k) accounts, HSAs, 403bs, 529 education savings plans, 457 plans, profit sharing plans, and other assets not custodied with our recommended custodian. The Firm regularly reviews the available investment options in these accounts, monitor them, and rebalance and implement its strategies in the same way we do other accounts, using different tools, as necessary. There may be a difference in the performance of our strategies of an account using Pontera in comparison to accounts held at the recommended custodian.

Dynasty Network

XXI Wealth has entered into a contractual relationship with Dynasty Financial Partners, LLC ("Dynasty"), which provides the Firm with operational and back-office support including access to a network of service providers. Through the Dynasty network of service providers, XXI Wealth can receive preferred pricing on trading technology, reporting, custody, brokerage, compliance, and other related services. Dynasty charges a "Platform Fee," for which, unless otherwise disclosed, the client will be charged, separate from and in addition to such client's annual investment management fee, as described in Item 5 below. The annual investment management fee charged to the client is not affected if Platform Fees are changed by Dynasty. This arrangement presents a conflict of interest because the Firm is incentivized to allocate client investment assets to the Investment Programs in order to receive more advantageous pricing from Dynasty. The annual investment management fee charged to the client is not affected if Platform Fees are decreased. Therefore, the Firm mitigates this conflict of interest by including the Dynasty "Platform Fee" as part of its investment advisory fee and the client's annual fee remains consistent regardless of the Platform Fee. In addition, XXI Wealth seeks at all times to ensure that any such conflicts are addressed on a fully-disclosed basis and investment decisions are handled in a manner that is aligned with its clients' best interests. The Firm does not receive any portion of the fees paid directly to Dynasty or the service providers made available through its platform.

In addition, Dynasty's subsidiary, Dynasty Wealth Management, LLC ("DWM") is an SEC registered investment adviser, which provides access to a range of investment services including: separately managed accounts ("SMA"), mutual fund and ETF asset allocation strategies, money management overlay, and unified managed accounts ("UMA") managed by external Third-Party Managers (collectively, the "Investment Programs"). XXI Wealth can separately engage the services of Dynasty and/or its subsidiaries to access the Investment Programs. Under the SMA and UMA programs, the Firm will maintain the ability to select the specific, underlying Third Party Managers that will, in turn, have day-to-day discretionary trading authority over the requisite client assets.

DWM sponsors an investment management platform (the "Platform" or the "TAMP") that is available to the advisers in the Dynasty Network, such as the Firm. Through the Platform, DWM and Dynasty collectively provide certain technology, administrative, operations and advisory support services that allow the Firm to manage our client portfolios and access Third-Party Managers that provide discretionary services in the form of traditional managed accounts and investment models. XXI Wealth can allocate all or a portion of Client assets among the different Third-Party Managers via the Platform. The Firm can also use the model management feature of the TAMP by creating our own asset allocation model and underlying investments that comprise the model. Through the model management feature, XXI Wealth may be able to outsource the implementation of trade orders and periodic rebalancing of the model when needed.

The Firm will maintain the direct contractual relationship with the client and obtain, through such agreements, the authority to engage independent third-party managers, DWM and/or Dynasty, as applicable, for services rendered through the Platform in service to the Client. The Firm can delegate discretionary trading authority to DWM and/or independent Third-Party Managers to effect investment and reinvestment of Client assets with the ability to buy, sell or otherwise effect investment transactions and allocate client assets. If the Client participates in certain Investment Programs, DWM or the designated manager, as applicable, is also authorized without prior consultation with either the Firm or the client to buy, sell, trade or allocate client assets in accordance with the client's designated portfolio and to deliver instructions to the designated broker-dealer and/or custodian of the Client's assets.

Regulatory Assets Under Management

As of November 3, 2024, we provide continuous management services for \$183,130,757 in client assets on a discretionary basis, and no client assets on a non-discretionary basis.

Item 5: Fees & Compensation

XXI Wealth offers services for an annual fee based on the amount of assets under the Firm's management or advisement. This management fee varies up to 150 basis points (1.50%), depending upon the size and composition of a client's portfolio, the type and amount of services rendered and the individual(s) providing the services.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by XXI Wealth on the last day of the previous quarter as determined by a party independent from the Firm (including the client's custodian or another third-party). If a

valuation for private securities is not available through the custodian, the Firm will typically rely on the valuation provided by the issuer. Because valuations may only be provided periodically (including monthly, quarterly, or even annually), the Firm can be billed on a valuation that would be different if updated. That valuation can be higher or lower depending on the increase or decrease in value of the private investment.

The Firm includes cash in a client's account in determining the valuation for billing purposes. The Firm may, in its sole discretion, not include cash in determining the fee, especially where a client has a high percentage of cash for reasons other than the Firm's investment management decision.

The Firm, at its discretion, can combine the account values of family members living in the same household to determine the applicable advisory fee. For example, the Firm can combine account values for client and client's minor children, joint accounts with client's spouse, and other types of related accounts. Combining account values can increase the asset total, which may result in the client paying a reduced advisory fee should they reach an agreed upon breakpoint.

Adjustments will be made for deposits and withdrawals during the quarter that are more than \$100,000. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

For assets held at a custodian that is not directly accessible by the Firm ("Held Away Accounts"), the Firm may, but are not required to, manage these Held Away Accounts using the Pontera Order Management System ("Pontera") that allows the Firm to view and manage assets. The annual fee for investment management services for held away accounts will be the same as the fees in the Advisory Agreement. In those cases, however, the Firm's advisory fees will not be deducted directly from the accounts managed through the Pontera Order Management System. Clients will give written authorization to deduct the fee from another nonqualified account managed by the Firm, in which case, the advisory fee would be deducted from this account each quarter. The client does not pay an additional fee for Pontera. The qualified custodian will deliver an account statement to you at least quarterly that shows all disbursements from the accounts. Clients should review all statements and invoices for accuracy. The Firm pays 0.25% from its advisory fee to Pontera.

Fee Discretion

XXI Wealth may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention, pro bono activities, or competitive purposes.

Additional Fees and Expenses

In addition to the advisory fees paid to XXI Wealth, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets,

fees charged by the Independent Managers, margin and other borrowing costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

Fidelity Brokerage Services ("Fidelity") eliminated transaction fees for U.S. listed equities and exchange traded funds for clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity. Clients who do not meet either criteria will be subject to transaction fees charged by Fidelity for U.S. listed equities and exchange traded funds.

Charles Schwab & Co., Inc. ("Schwab") does not charge transaction fees for U.S. listed equities and exchange traded funds.

As discussed above in Item 4, the Firm uses Dynasty's TAMP services. As described above in Item 4, Platform Fees and Third-Party Manager related charges are also not included in the investment management fee the Client pays to the Firm. Clients will be charged, separate from and in addition to their investment management fee, any applicable Third-Party Manager fees. The Firm does not receive any portion of the fees paid directly to Dynasty or the services providers made available through its platform, including the Third-Party Managers.

Under the Dynasty TAMP, XXI Wealth can use mutual funds and ETF asset allocation strategies. The platform fee for these strategies/models will be up to .04%. The platform fee will be separate from the Firm's advisory fees. Clients should also be aware that the underlying securities have internal expenses and/or management fees associated with them, however the Firm does not participate in any of Dynasty's or other third-party fees.

Dynasty Network Expenses

The Independent Manager fees are determined by the particular program(s) and manager(s) with which the client's assets are invested and are calculated based upon a percentage of client assets under management, as applicable. Independent fixed income manager fees generally range from 0 - 0.90% annually, and independent equity manager fees generally range from 0.00% - 1.50% annually.

Client will note the total fee reflected on their custodial statement will represent the sum of the Firm's investment management fee, Platform Fee(s), and Independent Manager fee(s), accordingly. The client should review such statements to determine the total amount of fees associated with their requisite investments, and clients should review their investment management agreement with the Firm to determine the investment management fee the client pays to us.

Direct Fee Debit

Clients provide XXI Wealth and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to

directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to XXI Wealth. The Firm will debit the fee from the custodian account for assets that are not held at the custodian account where the billing is withdrawn from. This includes fees on private investments. The Firm will also debit the financial planning fee from the account. This will cause a fee to appear higher than the fee agreed upon. Clients can reach out to the Firm for a description of the fee calculation. Alternatively, the Firm can allow certain clients, in the Firm's discretion, to elect to have XXI Wealth send a separate invoice for direct payment.

Use of Margin

XXI Wealth can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. XXI Wealth only recommends such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing. While the Firm does not recommend margin or other borrowing for investments, there is still risk in using margin or borrowing. The client will need to pay back the money taken out and current securities holdings can be liquidated by the custodian.

Account Additions and Withdrawals

Clients can make additions to and withdrawals from their account at any time, subject to XXI Wealth's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to XXI Wealth, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. XXI Wealth may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

Item 6: Performance-Based Fees & Side-By-Side Management

Our firm does not charge performance-based fees.

Item 7: Types of Clients & Account Requirements

XXI Wealth offers services to individuals and high net worth individuals; trusts, estates or charitable organizations; pension, retirement plans, and profit sharing plans; corporations, limited liability companies and/or other business types.

Minimum Account Value

As a condition for starting and maintaining an investment management relationship, XXI Wealth imposes a minimum account balance of \$1,000,000. XXI Wealth may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning

capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. XXI Wealth only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. XXI Wealth may, in its sole discretion, aggregate the portfolios of family members to meet the minimum portfolio size.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

Methods of Analysis

We may use one or several of the following methods of analysis in formulating our investment advice and/or managing client assets depending upon the client's specific situation:

Charting: Involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

Risk: Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For XXI Wealth, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that XXI Wealth will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that XXI Wealth is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Modern Portfolio Theory ("MPT") is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations

against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nevertheless, XXI Wealth's investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

Sector analysis involves identification and analysis of various industries or economic sectors that are likely to exhibit superior performance. Academic studies indicate that the health of a stock's sector is as important as the performance of the individual stock itself. In other words, even the best stock located in a weak sector will often perform poorly because that sector is out of favor. Each industry has differences in terms of its customer base, market share among firms, industry growth, competition, regulation, and business cycles. Learning how the industry operates provides a deeper understanding of a company's financial health. One method of analyzing a company's growth potential is examining whether the number of customers in the overall market is expected to grow. In some markets, there is zero or negative growth, a factor demanding careful consideration. Additionally, market analysts recommend that investors should monitor sectors that are nearing the bottom of performance rankings for possible signs of an impending turnaround.

Investment Strategies

The Firm uses the following strategies and asset classes in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Alternative Investments: Hedge funds, commodity pools, Real Estate Investment Trusts ("REITs"), Business Development Companies ("BDCs"), and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative, and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation, and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees and may require "capital calls" which would require additional investment. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification.

Asset Allocation: The implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. A fundamental justification for asset allocation is the notion that different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return. Although risk is reduced as long as correlations are not perfect, it is typically forecast (wholly or in part) based on statistical relationships (like correlation and variance) that existed over some past period. Expectations for return are often derived in the same way. An asset class is a group of economic resources sharing similar characteristics, such as riskiness and return. There are many types of assets that may or

may not be included in an asset allocation strategy. The "traditional" asset classes are stocks (value, dividend, growth, or sector-specific (or a "blend" of any two or more of the preceding); large-cap versus mid-cap, small-cap or micro-cap; domestic, foreign, developed, emerging or frontier markets), bonds (fixed income securities more generally: investment-grade or junk (high-yield); government or corporate; short-term, intermediate, long-term; domestic, foreign, emerging markets), and cash or cash equivalents. Allocation among these three provides a starting point. Usually included are hybrid instruments such as convertible bonds and preferred stocks, counting as a mixture of bonds and stocks. Other alternative assets that may be considered include: commodities: precious metals, nonferrous metals, agriculture, energy, others.; Commercial or residential real estate (also REITs); Collectibles such as art, coins, or stamps; insurance products (annuity, life settlements, catastrophe bonds, personal life insurance products, etc.); derivatives such as long-short or market neutral strategies, options, collateralized debt, and futures; foreign currency; venture capital; private equity; and/or distressed securities.

Direct Indexing: Direct indexing is an investment approach that involves constructing a portfolio by purchasing individual securities, such as stocks or bonds, rather than utilizing pooled investment vehicles like mutual funds or exchange-traded funds (ETFs). This strategy allows for greater customization and tax efficiency, as investors can tailor their holdings to specific preferences, while also managing tax implications through techniques like tax-loss harvesting. Direct indexing may offer investors more control over their portfolios and the ability to align their investments with personalized values and goals.

Exchange Traded Funds ("ETFs"): An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. The vast majority of ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the difference between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as limit orders, good-until-canceled orders, stop loss orders etc. They can also be sold short. Traditional mutual funds are bought and redeemed based on their net asset values ("NAV") at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF prices are kept close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots. Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs are their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, and distribution and accounting expenses all contribute to the lower fees.

Equity Securities: Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer

or third parties (such as derivatives) relating to the security or other assets or indices. There may be little trading in the secondary market for particular equity securities, which may adversely affect our firm's ability to value accurately or dispose of such equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities. Investing in smaller companies may pose additional risks as it is often more difficult to value or dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

Fixed Income: Fixed income is a type of investing or budgeting style for which real return rates or periodic income is received at regular intervals and at reasonably predictable levels. Fixed-income investors are typically retired individuals who rely on their investments to provide a regular, stable income stream. This demographic tends to invest heavily in fixed-income investments because of the reliable returns they offer. Fixed-income investors who live on set amounts of periodically paid income face the risk of inflation eroding their spending power.

Some examples of fixed-income investments include treasuries, money market instruments, corporate bonds, asset-backed securities, municipal bonds, and international bonds. The primary risk associated with fixed-income investments is the borrower defaulting on his payment. Other considerations include exchange rate risk for international bonds and interest rate risk for longer-dated securities. The most common type of fixed-income security is a bond. Bonds are issued by federal governments, local municipalities, and major corporations. Fixed-income securities are recommended for investors seeking a diverse portfolio; however, the percentage of the portfolio dedicated to fixed income depends on your own personal investment style. There is also an opportunity to diversify the fixed-income component of a portfolio. Riskier fixed-income products, such as junk bonds and longer-dated products, should comprise a lower percentage of your overall portfolio.

The interest payment on fixed-income securities is considered regular income and is determined based on the creditworthiness of the borrower and current market rates. In general, bonds and fixed-income securities with longer-dated maturities pay a higher rate, also referred to as the coupon rate, because they are considered riskier. The longer the security is on the market, the more time it has to lose its value and/or default. At the end of the bond term, or at bond maturity, the borrower returns the amount borrowed, also referred to as the principal or par value. Fund of Funds ("FOF"): A fund of funds is a multi-manager investment strategy in which a fund invests in other types of funds. This strategy invests in a portfolio that contains different underlying assets instead of investing directly in bonds, stocks and other types of securities. The FOF strategy aims to achieve broad diversification and appropriate asset allocation with investments in a variety of fund categories that are all wrapped into one fund. These are fund of funds characteristics that attract small investors who want to get better exposure with fewer risks compared to directly investing in securities. However, if the fund of funds carries an operating expense, investors are essentially paying double for an expense that is already included in the expense figures of the underlying funds.

Fund of Hedge Funds: A fund of funds ("FOF") is a multi-manager investment strategy in which a fund invests in other types of funds. This strategy invests in a portfolio that contains different underlying assets instead of investing directly in bonds, stocks, and other types of securities. The strategy aims to achieve broad diversification and appropriate asset allocation with investments

in a variety of fund categories that are all wrapped into one fund. These are fund of funds characteristics that attract small investors who want to get better exposure with fewer risks compared to directly investing in securities. However, if the fund of funds carries an operating expense, investors are essentially paying double for an expense that is already included in the expense figures of the underlying funds. Some risks associated with Funds of Hedge Funds include:

- **Unregistered Investments:** Funds of hedge funds generally invest in several private hedge funds that are not subject to the SEC's registration and disclosure requirements. Many of the normal investor protections that are common to most traditional registered investments are missing. This makes it difficult for both you and the fund of funds manager to assess the performance of the underlying hedge funds or independently verify information that is reported.
- **Risky Investment Strategies:** As noted, hedge funds very often use speculative investment and trading strategies. Many hedge funds are honestly managed and balance a high risk of capital loss with a high potential for capital growth. The risks hedge funds incur, however, can wipe out your entire investment.
- **Lack of Liquidity:** Hedge funds, both the unregistered and registered variety, are illiquid investments and are subject to restrictions on transferability and resale. Unlike mutual funds, there are no specific rules on hedge fund pricing. Registered hedge fund units may not be redeemable at the investor's option and there is probably no secondary market for the sale of the hedge fund units.

Fund of Private Equity Funds: A fund of funds ("FOF") is a multi-manager investment strategy in which a fund invests in other types of funds. This strategy invests in a portfolio that contains different underlying assets instead of investing directly in bonds, stocks, and other types of securities. The FOF strategy aims to achieve broad diversification and appropriate asset allocation with investments in a variety of fund categories that are all wrapped into one fund. These are fund of funds characteristics that attract small investors who want to get better exposure with fewer risks compared to directly investing in securities. However, if the fund of funds carries an operating expense, investors are essentially paying double for an expense that is already included in the expense figures of the underlying funds. Some risks associated with Fund of Private Equity Funds include:

- **Funding Risk:** The unpredictable timing of cash flows associated with private equity funds poses funding risks to investors. Commitments are contractually binding and defaulting on payments results in the loss of private equity partnership interests. This risk is also commonly referred to as default risk.
- **Liquidity Risk:** The illiquidity of private equity partnership interests exposes investors to asset liquidity risk associated with selling in the secondary market at a discount on the reported net asset value ("NAV").
- **Market Risk:** The fluctuation of the market has an impact on the value of the investments held in the portfolio.
- **Capital Risk:** The realization value of private equity investments can be affected by numerous factors, including (but not limited to) the quality of the fund manager, equity market exposure, interest rates, and foreign exchange.

Index Fund: A mutual fund or exchange-traded fund ("ETF") designed to follow certain preset rules so that the fund can track specified basket of underlying investments. Those rules may

include tracking prominent indexes like the S&P 500 or the Dow Jones Industrial Average or implementation rules, such as tax-management, tracking error minimization, large block trading or patient/flexible trading strategies that allows for greater tracking error, but lower market impact costs. Index funds may also have rules that screen for social and sustainable criteria. An index fund's rules of construction clearly identify the type of companies suitable for the fund. The most commonly known index fund, the S&P 500 Index Fund, is based on the rules established by S&P Dow Jones Indices for their S&P 500 Index. Equity index funds would include groups of stocks with similar characteristics such as the size, value, profitability and/or the geographic location of the companies. A group of stocks may include companies from the United States, Non-US Developed, emerging markets or Frontier Market countries. Additional index funds within these geographic markets may include indexes of companies that include rules based on company characteristics or factors, such as companies that are small, mid-sized, large, small value, large value, small growth, large growth, the level of gross profitability or investment capital, real estate, or indexes based on commodities and fixed-income. Companies are purchased and held within the index fund when they meet the specific index rules or parameters and are sold when they move outside of those rules or parameters. Think of an index fund as an investment utilizing rules-based investing. Some index providers announce changes of the companies in their index before the change date and other index providers do not make such announcements.

Index funds must periodically "rebalance" or adjust their portfolios to match the new prices and market capitalization of the underlying securities in the stock or other indexes that they track. This allows algorithmic traders to perform index arbitrage by anticipating and trading ahead of stock price movements caused by mutual fund rebalancing, making a profit on foreknowledge of the large institutional block orders. This results in profits being transferred from investors to algorithmic traders. One problem occurs when a large amount of money tracks the same index. According to theory, a company should not be worth more when it is in an index. But due to supply and demand, a company being added can have a demand shock, and a company being deleted can have a supply shock, and this will change the price. This does not show up in tracking error since the index is also affected. A fund may experience less impact by tracking a less popular index.

Long-Term Purchases: The firm may buy securities for your account and hold them for a relatively long time (more than a year) in anticipation that the security's value will appreciate over a long horizon. The risk of this strategy is that the Firm could miss out on potential short-term gains that could have been profitable to the client's account, or it is possible that the security's value may decline sharply before the Firm makes a decision to sell. into the margin account; (2) the forced sale of securities or other assets in your account; (3) the sale of securities or other assets without contacting you; (4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call; and (5) custodians charge interest on margin balances which will reduce your returns over time.

Mutual Funds: A mutual fund is a company that pools money from many investors and invests that money in a variety of differing security types based on the objectives of the fund. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares are the fund's per share net asset value ("NAV") plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they

directly influence which securities the fund manager buys and sells or the timing of those trades. With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which is calculated daily after market close.

The benefits of investing through mutual funds include: (a) Mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities purchased by the fund; (b) Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as “Don't put all your eggs in one basket.” Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds; (c) Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both; and (d) At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages: (a) Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distributions they receive. This includes instances where the fund performed poorly after purchasing shares.; (b) Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.; and (c) With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds, however, are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit and cannot use losses to offset these gains.

Options: An option is a financial derivative that represents a contract sold by one party (the option writer) to another party (the option holder, or option buyer). The contract offers the buyer the right, but not the obligation, to buy or sell a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). Options

are extremely versatile securities. Traders use options to speculate, which is a relatively risky practice, while hedgers use options to reduce the risk of holding an asset. In terms of speculation, option buyers and writers have conflicting views regarding the outlook on the performance of a:

- **Call Option:** Call options give the option to buy at certain price, so the buyer would want the stock to go up. Conversely, the option writer needs to provide the underlying shares in the event that the stock's market price exceeds the strike due to the contractual obligation. An option writer who sells a call option believes that the underlying stock's price will drop relative to the option's strike price during the life of the option, as that is how he will reap maximum profit. This is exactly the opposite outlook of the option buyer. The buyer believes that the underlying stock will rise; if this happens, the buyer will be able to acquire the stock for a lower price and then sell it for a profit. However, if the underlying stock does not close above the strike price on the expiration date, the option buyer would lose the premium paid for the call option.
- **Put Option:** Put options give the option to sell at a certain price, so the buyer would want the stock to go down. The opposite is true for put option writers. For example, a put option buyer is bearish on the underlying stock and believes its market price will fall below the specified strike price on or before a specified date. On the other hand, an option writer who sells a put option believes the underlying stock's price will increase about a specified price on or before the expiration date. If the underlying stock's price closes above the specified strike price on the expiration date, the put option writer's maximum profit is achieved. Conversely, a put option holder would only benefit from a fall in the underlying stock's price below the strike price. If the underlying stock's price falls below the strike price, the put option writer is obligated to purchase shares of the underlying stock at the strike price.

The potential risks associated with these transactions are that (1) all options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and (2) Prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

Passive Investment Management: Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk, and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange traded funds. Passive investment management is characterized by low portfolio expenses (i.e., the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management involves a single manager or managers who employ some method, strategy, or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Academic research indicates most active managers underperform in the market.

Private Equity: Private equity is an equity investment in non-quoted companies. The private equity investor looks at an investment prospect as investing in a company as opposed to investing in a company's stock. Private equity funds hold illiquid positions (for which there is no active secondary market) and typically only invest in the equity and debt of target companies, which are generally taken private and brought under the private equity manager's control. Risks associated with private equity include:

- **Funding Risk:** The unpredictable timing of cash flows poses funding risks to investors. Commitments are contractually binding and defaulting on payments results in the loss of private equity partnership interests. This risk is also commonly referred to as default risk.
- **Liquidity Risk:** The illiquidity of private equity partnership interests exposes investors to asset liquidity risk associated with selling in the secondary market at a discount on the reported NAV.
- **Market Risk:** The fluctuation of the market has an impact on the value of the investments held in the portfolio.
- **Capital Risk:** The realization value of private equity investments can be affected by numerous factors, including (but not limited to) the quality of the fund manager, equity market exposure, interest rates, and foreign exchange.

Private Funds: A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee along with a performance component. In many cases, the fund's managers may become "partners" with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as "PPM" for short.

The PPM covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund. The primary risks of private funds include the following: (a) Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes.; and (b) Private funds are subject to various other risks, including risks associated with the types of securities that the private fund invests in or the type of business issuing the private placement.

Real Estate Investment Trusts ("REITs"): REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development, and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment, all can affect the values of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any

applicable pass-through tax treatment or failing to maintain any applicable exempted status afforded under relevant laws.

REITs involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative, and volatile, and an investor could lose all or a substantial amount of an investment. Additionally, they may lack transparency as to share price, valuation, and portfolio holdings as they are subject to less regulation and often charge higher fees.

Sector Allocation: The Firm allocates client assets to various sectors of the fixed income market, including US Treasury obligations, federal agency securities, corporate notes, mortgage-backed securities, and others, based on our quantitative and qualitative analysis in order to manage client exposure to a given sector and to provide exposure to sectors our firm believes to have good value. The risk of sector allocation is that clients may not participate fully in an increase in value in any specific sector.

Short-Term Purchases: When utilizing this strategy, the Firm may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). The Firm does this in an attempt to take advantage of conditions that the Firm believes will soon result in a price swing in the securities the Firm purchase.

Structured Products: Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates, or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investing in structured products includes significant risks, including valuation, lack of liquidity, price, credit, and market risks. The relative lack of liquidity is due to the highly customized nature of the investment and the fact that the full extent of returns from the complex performance features is often not realized until maturity.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high-investment-grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

Risk of Loss

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

Market Risks

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of XXI Wealth's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds, and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that XXI Wealth will be able to predict these price movements accurately or capitalize on any such assumptions.

Volatility Risks

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

Cash Management Risks

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

Equity-Related Securities and Instruments

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, midcapitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

Fixed Income Securities

While the Firm emphasizes risk-averse management and capital preservation in its fixed-income bond portfolios, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate. The Firm does not guarantee any particular level of performance. Below is a representative list of the types of risks clients should consider before investing in this product.

- Interest rate risk. Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves.
- Credit (or default) risk. A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.
- Liquidity risk. Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- Call risk. Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- Prepayment risk. When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.
- Extension risk. When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected. This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share 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. The trading prices of a mutual fund's shares may differ from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for index-based ETFs and potentially more frequently for actively managed ETFs. 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 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Finally, some mutual funds and ETFs may have lock-up periods that restrict an investor from selling their position for a period of time. Other mutual funds and ETFs could also have early redemption fees that are taken if the investor sells their position before a certain amount of time.

Use of Independent Managers

As stated above, XXI Wealth selects certain Independent Managers to manage a portion of its clients' assets. In these situations, XXI Wealth continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, XXI Wealth does not have the ability to supervise the Independent Managers on a day-to-day basis. The recommendations and investments made by the Independent Managers will be subject to a number of other investment risks. The client should review the disclosure documents of the Independent Managers or request such disclosures from the Firm.

Use of Private Collective Investment Vehicles

XXI Wealth recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation and regulatory oversight. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

Use of Private Investments

XXI Wealth recommends that certain clients invest in privately placed securities in companies. This can be debt or equity investments. The investments are not registered so there is an absence of regulation and regulatory oversight. There are numerous other risks in investing in these securities. Clients should consult each investments private placement memorandum and/or other documents explaining such risks prior to investing.

Options

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price.

Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Real Estate Investment Trusts (REITs)

XXI Wealth recommends an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity, and counterparty risk.

Use of Margin

While the use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

Currency Risks

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

Cyber Security

With the increased use of technologies such as the internet to conduct business, the Firm and other service providers used by the Firm, of as well as the underlying investments made by clients are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber incidents have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the release of investor information or confidential business information, interference with the ability to calculate the value of client investments, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines or penalties, reputation damage, or additional compliance costs. The Firm will seek to implement safeguards to protect clients against cyber attacks. However, there can be no assurance that the Firm will be successful in preventing the occurrence of cyber attacks or mitigating the impact of cyber attacks.

Interest Rate Risk

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

Inflation Risk

Inflation risk involves the concern that in the future, the investment or proceeds from an investment will not be worth what they are today. Over time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

Liquidity Risk

Certain assets may not be readily converted into cash or may have a limited market in which they trade. This can create a substantial delay in the receipt of proceeds from an investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e., not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

Item 9: Disciplinary Information

XXI Wealth has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities & Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

Relationship with Dynasty Network

Our firm maintains a business relationship with Dynasty Financial Partners, LLC ("Dynasty"). Dynasty offers operational and back-office core service support including access to a network of service providers. Through the Dynasty network of service providers, we can receive preferred pricing on trading, technology, transition support, reporting, custody, brokerage, compliance, and other related consulting services.

While we believe this open architecture structure for operational services best serves the interest of our Clients, this relationship can potentially present certain conflicts of interest due to the fact that Dynasty is paid by us or our Clients for the services referenced above. In light of the foregoing, we seek at all times to ensure that any material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with the Client's best interest. We do not receive any portion of the fees paid directly to Dynasty, its affiliates or the service providers made available through Dynasty's platform. In addition, we review such relationships, including the service providers engaged through Dynasty, on a periodic basis in an effort to ensure you are receiving competitive rates in relation to the quality and scope of the services provided.

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

Description of Our 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 persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. 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 can obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions:

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices:

Our firm or persons associated with our firm can buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Aggregated Trading:

Our firm or persons associated with our firm can buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We can also combine our orders to purchase securities with your orders to purchase securities ("aggregated trading"). Refer to the Brokerage Practices section in this brochure for information on our aggregated trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Item 12: Brokerage Practices

Recommendation of Broker-Dealers for Client Transactions

XXI Wealth recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab") and National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, "Fidelity")

and together with Schwab “Custodian”) for investment management accounts. The final decision to custody assets with Custodian is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. XXI Wealth is independently owned and operated and not affiliated with Custodian. Custodian provides XXI Wealth with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which XXI Wealth considers in recommending Custodian or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Custodian enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Custodian may be higher or lower than those charged by other Financial Institutions.

The commissions paid by XXI Wealth’s clients to Custodian comply with the Firm’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where XXI Wealth determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution’s services, including among others, the value of research provided, execution capability, commission rates and responsiveness. XXI Wealth seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged. The Custodians charge a flat dollar amount as a “prime broker” or “trade away” fee for each trade that the Firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab/Fidelity account. These fees are in addition to the transaction charges or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, the Firm intends to have Schwab or Fidelity execute most trades for the accounts.

Software and Support Provided by Financial Institutions

XXI Wealth receives without cost from Custodian administrative support, brokerage support, computer software, related systems support, research, and other third-party support as further described below (together “Support”) which allow XXI Wealth to better monitor client accounts maintained at Custodian and otherwise conduct its business. XXI Wealth receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Custodian. Support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The Support benefits XXI Wealth, but not its clients directly. Clients should be aware that XXI Wealth’s receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm’s choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, XXI Wealth endeavors at all times to put the interests of its clients first and has

determined that the recommendation of Custodian is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, XXI Wealth receives the following benefits from Custodian: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Custodian. Custodian's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Custodian generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Custodian or that settle into Custodian accounts.

Custodian also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by the Custodian. Other potential benefits may include occasional business entertainment of personnel of XXI Wealth by Custodian personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist XXI Wealth in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Custodian. Custodian also makes available to XXI Wealth other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Custodian may make available, arrange, and/or pay vendors for these types of services rendered to the Firm by independent third parties. Custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, XXI Wealth endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Custodian may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by CUSTODIAN, which creates a conflict of interest.

Brokerage for Client Referrals

XXI Wealth does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

Directed Brokerage

The client may direct XXI Wealth in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by XXI Wealth (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, XXI Wealth may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Trade Aggregation

Transactions for each client will be effected independently, unless XXI Wealth decides to purchase or sell the same securities for several clients at approximately the same time. XXI Wealth may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among XXI Wealth’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which XXI Wealth’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. XXI Wealth does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small

proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Item 13: Review of Accounts or Financial Plans

Account Reviews

XXI Wealth monitors client portfolios on a continuous and ongoing basis and regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with XXI Wealth and to keep the Firm informed of any changes thereto.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from XXI Wealth or an outside service provider.

Item 14: Client Referrals & Other Compensation

Dynasty has assisted the Firm in negotiating or facilitating payments from Fidelity and Schwab ("Custodian") in the form of credits or monies to be applied toward qualifying third-party service provider expenses incurred in relation to transition costs or the provision of core services. This may include, but is not limited to, support of the Firm's research, marketing, technology, or software platforms. The receipt of transition assistance creates a conflict of interest for our firm to recommend clients to use the Custodian to custody their assets. In an attempt to mitigate this conflict of interest, our firm has evaluated the Custodian's full suite of services and recommends the use of the Custodian based on the overall value of such services.

Referral Fees

The firm compensates non-employee (outside) consultants, individuals, and/or entities (promoters) for client referrals. The Firm also participates in Dynasty Connect, a referral program offered through Dynasty Wealth Management, LLC., an affiliate of Dynasty Financial Partners, LLC.

In order to receive a cash referral fee from us, promoters must comply with the requirements of the jurisdictions in which they operate. If you become a client, the promoter that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are our client, or until such time as our agreement with the promoter expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a promoter are contingent upon your entering into an advisory agreement with our firm. Therefore, a promoter has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Product Sponsors

Our firm occasionally sponsors events in conjunction with our product providers in an effort to keep our clients informed as to the services we offer and the various financial products we utilize. These events are educational in nature and are not dependent upon the use of any specific product. While a conflict of interest can exist because these events are at least partially funded by product sponsors, all funds received from product sponsors are used for the education of our clients. We will always adhere to our fiduciary duty in recommending appropriate investments for our clients.

Representatives of our firm will occasionally accept travel expense reimbursement provided by product sponsors in order to attend their educational events. The reimbursement is not directly dependent upon the recommendation of any specific product. Although we may be incentivized to recommend products from product sponsors that reimburse our travel, our representatives will always adhere to their fiduciary duty in recommending appropriate investments for our clients.

Item 15: Custody

XXI Wealth is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, XXI Wealth will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from XXI Wealth. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

Surprise Independent Examination

As XXI Wealth is deemed to have custody over clients' cash, bank accounts or securities (for reasons other than those discussed above), the Firm is required to engage an independent accounting Firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting Firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. XXI Wealth does not have direct access to client funds as they are maintained with an independent qualified custodian.

Standing Letters of Authorization

XXI Wealth also has custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific

third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

Item 16: Investment Discretion

XXI Wealth is given the authority to exercise discretion on behalf of clients. XXI Wealth is considered to exercise investment discretion over a client's account if it can affect and/or direct transactions in client accounts without first seeking their consent. XXI Wealth is given this authority through a power-of- attorney included in the agreement between XXI Wealth and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). XXI Wealth takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

Item 17: Voting Client Securities

We generally vote proxy ballots for our clients using a proxy voting service to help fulfill our voting obligations, some clients may choose to retain voting responsibility. Unless otherwise instructed by you, we will undertake voting proxies for your account. In the event you wish to direct our firm to vote a particular proxy, you should contact our main office at the phone number on the cover page of this brochure with your instruction.

We must make proxy voting decisions solely in the best interests of our clients and will place our clients' interests above our own interests. Conflicts of interest between you and our firm, a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you; or we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict. We have engaged a third party vendor to provide us with access to a selection of proxy voting recommendations and research. Votes are cast through the third party vendor's system which provides access to proxy voting recommendations and historical voting information.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

Item 18: Financial Information

Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Our firm has never been the subject of a bankruptcy proceeding.