

# **Firm Brochure**

(Part 2A of Form ADV)

January 23, 2024

**LIDO**



## Firm Brochure

(Part 2A of Form ADV)

January 23, 2024

### **Lido Advisors, LLC**

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Part 2A of Form ADV (the "Brochure") provides information about the qualifications and business practices of Lido Advisors, LLC ("Lido"). If you have any questions about the contents of this Brochure, please contact us at (310) 278-8232 or [compliance@lidoadvisors.com](mailto:compliance@lidoadvisors.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

Lido is a registered investment adviser with the U.S. Securities and Exchange Commission ("SEC"); however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Lido and its Investment Adviser Representatives are also available on the SEC's website at <https://adviserinfo.sec.gov>.



## Item 2: Material Changes

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**There have been material changes, described below, to this Brochure since the prior filing as of March 30, 2023. All other changes are updates and routine in nature.**

Updated Item 14 (Client Referrals and Other Compensation) to include Lido's client referral arrangement with the Schwab Advisor Network® platform of Charles Schwab & Co.

**This Brochure is being provided to all clients and prospective clients.**

Pursuant to applicable regulatory requirements, Lido will send clients a summary of any materials changes to this Brochure within 120 days of the close of its fiscal year. For more information about Lido, please visit [www.lidoadvisors.com](http://www.lidoadvisors.com). Additional information about Lido and its Investment Advisors Representatives is available on the SEC's website at <https://adviserinfo.sec.gov>.



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## Item 4: Advisory Business

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### A. Description of Firm

Lido Advisors, LLC ("Lido") is an SEC-registered, Los Angeles-based investment advisor founded in 2001<sup>1</sup> that offers and provides investment advisory and financial-related services to its clients, which include high-net-worth and ultra-high-net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, businesses, and pooled investment vehicles. Lido offers these services directly or through the following affiliated entities or doing business as ("d/b/a") names (collectively, "The Lido Companies"):

- Colorado Financial Management, A Lido Company, a wholly owned investment adviser separately registered with the SEC and headquartered in Boulder, Colorado, and Lido d/b/a (collectively, "CFM"), that provides investment advisory services to primarily clients in the Mountain West region of the United States;
- Enterprise Trust and Investment Company ("Enterprise"), a California-chartered trust company based in Los Gatos, California, offering trust and fiduciary services to Lido clients and others; and
- Oakhurst Strategies, LLC ("Oakhurst Strategies"), a wholly-owned subsidiary of an affiliated Lido company and Lido d/b/a<sup>2</sup>, that provides primarily options-based strategies to institutional clients.

The Lido Companies have more than 33 offices located across the United States including the corporate headquarters in Los Angeles and offices in Boca Raton, Boulder, Chicago, Dallas, Los Gatos, New York City, and San Diego. Lido conducts business in states reflected in its Form ADV Part 1A (copy available upon request or at <https://adviserinfo.sec.gov>).

Lido is majority-owned by certain pooled investment vehicles advised by affiliates of Charlesbank Capital Partners LLC, a middle-market private equity firm. Jason Ozur, Chief Executive Officer, Ken Stern, President, Gregory Kushner, Chairman and Founder, and other Lido employees directly or indirectly own the substantial remainder of Lido.

### B. Advisory Services

#### 1. Investment Management

Lido utilizes an integrated wealth management approach to seek to help our clients achieve their financial goals while aiming to reduce market risks and manage volatility. To that end, Lido employs select assets for our clients that are intended to be less correlated to one another, which can include a combination of fixed income<sup>3</sup>, equities<sup>4</sup>, cash<sup>5</sup>, foreign securities, American Depositary Receipts, real estate debt, hybrid offerings<sup>6</sup>, and Alternative Investments, such as Liquid<sup>7</sup> and Non-Liquid<sup>8</sup> Alternative Investments and Non-Liquid Fixed Income investments<sup>9</sup> through certain main strategies, including:

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<sup>1</sup> Lido operated as Lido Advisors, Inc. prior to July 1, 2015.

<sup>2</sup> Lido registered "Oakhurst Strategies" as a d/b/a with the state of California.

<sup>3</sup> Fixed income includes, but is not limited to, government bonds, municipal bonds, corporate bonds, high yield bonds, foreign bonds, preferred stocks, CDs, loans, Exchange Traded Funds "ETFs" based on bond indices, fixed income mutual funds, short-term fixed income instruments, structured notes, and certain preferred stocks.

<sup>4</sup> Equities includes, but is not limited to, common stocks, ETFs based on stock indices, equity mutual funds, publicly traded master limited partnerships, and publicly traded real estate investment trusts ("REITs").

<sup>5</sup> Cash includes, but is not limited to, money market funds, certain mutual funds or ETFs, or other cash equivalents.

<sup>6</sup> Hybrid offerings generally includes merger funds, long-short commodity funds, structured notes, covered options, and other hybrid mutual funds (based on equity volatility).

<sup>7</sup> Liquid Alternative Investments are investments in exclusively single sector or commodities ETFs or mutual funds.

<sup>8</sup> Non-Liquid Alternative Investments, which include, but are not limited to, private funds, hedge funds, fund of funds, real estate funds, managed futures funds, mezzanine funds, private equity funds, venture capital funds, and other types of private pooled investment vehicles, private real estate investment trusts, private real estate holdings, and oil and gas limited partnerships.

<sup>9</sup> Non-liquid fixed income investments are defined as longer-term investments in loans secured by first trust deed mortgages, including, but not limited to, first trust deed loans, bridge loans and client directed family mortgages.



- **Core Equity Strategies** are driven by asset allocations that emphasizes stocks with a certain geography or market capitalization, economic cycles, momentum, and fundamental drivers that can result in tactical opportunities, which are generally reflected in mutual funds, ETFs, or separate account managers.
- **“Cap and Cushion”** Strategies are options-based equity strategies that seeks to limit downside participation by both purchasing downside protection (buying a put option) while financing (partially or fully) the protection with selling some potential upside participation (writing a covered call option). In connection with this strategy, Lido, through wholly owned entities, offers and manages variations of this strategy, deemed “Uncapped”, “Cap and Gap”, among other monikers, through several private funds, separately managed accounts, and a mutual fund.
- **Fixed Income** is a strategy that seeks both the potential for current income and reduction in portfolio risk by using various fixed income strategies. Lido utilizes bonds, mutual funds, and ETFs to diversify this strategy with an aim to assist in better control of duration and credit risks.
- **Alternative Investments** is a strategy that seeks to provide critical diversification and can, under the right circumstances, achieve results uncorrelated to equity and fixed income strategies.
- **The Lido Companies’ Strategies.** Lido also utilizes additional equity and fixed income-based strategies that either supplement the above-described strategies or are being employed by other Lido Companies, including those utilized at CFM and Enterprise. In those cases, Lido has incorporated oversight of those strategies through its Investment Committee.

Lido generally manages all client assets on a fully discretionary basis and selects, without first obtaining a client’s authorization:

- the securities to be bought and sold;
- the amounts of securities to be transacted and whether it will be individually or blocked traded;
- the broker dealer through which transactions will be executed; and
- the TPAM used to manage the client assets.

A client may, at Lido’s sole discretion, impose parameters to Lido’s discretionary authority, including, but not limited to, restrictions in certain companies or industry sectors or directed brokerage. In these instances, clients are solely responsible for informing Lido in writing of these parameters, changes to these parameters, or their overall investment goals and objectives. Finally, clients may also direct Lido to execute certain trades or purchase certain investments. In these instances, clients assume full responsibility for these directed trades or investments, including any negative impact these may have on Lido’s strategies employed on their other assets. Lido cannot and does not make any assurance that client directed trades will be timely executed or executed at all.<sup>10</sup>

## 2. Asset Allocation Services

At the onset of a client relationship, Lido implements its integrated wealth approach and deploys its strategies through an asset allocation plan that aims to balance a client’s overall financial objectives with individual attributes including risk tolerance, income requirements, liquidity requirements, income taxes, and time horizon. Lido accomplishes this by gathering pertinent information from a client during the account opening process through a Client Risk Profile Form, Investment Policy Statement (“IPS”), or other similar documentation.

Lido performs the following services in determining and maintaining the appropriate asset allocation plan for clients:

- Analysis of the client’s current financial situation and prior investment experience;

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<sup>10</sup>In certain instances, and at its sole discretion, Lido will arrange for clients to open trading accounts at a broker dealer/custodian on a non-discretionary basis. These non-discretionary accounts are subject to third-party fees, including, but not limited to, commissions and other custodial-related fees. These broker dealers/custodians will as a general practice provide disclosures concerning these fees directly to clients. Clients should review this information carefully and are encouraged to discuss these fees with Lido and the broker dealer/custodian.



- Assistance in setting goals to determine appropriate time horizons, investment objectives, income taxes, family structure, and amounts needed to accomplish investment goals;
- Analysis of the client's risk tolerance;
- Selection of appropriate asset classes;
- Investment selection utilizing, as appropriate, mutual funds, equity and fixed income securities, Private Funds, and TPAMs;
- Ongoing monitoring of fund, securities, and manager performance;
- Ongoing portfolio performance analysis; and
- Portfolio modifications and reallocation as appropriate

### **3. Mutual Fund**

Lido serves as investment advisor to the Oakhurst Strategic Defined Risk Fund ("OASDX"), a mutual fund, which seeks capital appreciation while seeking to limit short-term risk through the use of derivatives. Please refer to the OASDX prospectus for more detailed information, a copy of which can be provided upon request.

### **4. TPAMs**

Lido may delegate management of all or part of a client's assets to TPAMs. Lido provides access to TPAMs through a third-party platform of approved investment managers made available by agreement between Lido and the platform provider, or through an arrangement between Lido and TPAMs. Lido will utilize TPAMs that are affiliated with Lido for certain strategies. In those instances, Lido will provide further information concerning these TPAMs as well as the nature and scope of its affiliation, among other information.

TPAMs have discretionary authority over those assets allocated to them and they are authorized to buy, sell, and trade in securities in accordance with the client's investment objectives, risk tolerance, and time horizon, among other factors. If and when Lido determines that a TPAM is in the client's best interest, Lido, on the client's behalf, or the client will enter into a separate and independent advisory relationship with that TPAM. As such, the client will incur fees separate from and in addition to any fees charged by Lido. The TPAM may invoice its fee to the client through Lido or debit the client's custodial account directly.

Lido continues to monitor TPAMs to ensure their adherence to the philosophy and investment style for which they were selected and will provide recommendations to the client accordingly. If the client has entered into a direct relationship with the TPAM, only the client can terminate that relationship.

### **5. Sub-Advisory Arrangements**

In certain circumstances, Lido enters into a sub-advisory arrangement for management of a particular style or strategy desired by or suitable for clients. Certain sub-advisors are affiliated with Lido. In those instances, Lido will provide further information concerning these sub-advisors as well as the nature, scope, among other information, of its affiliation.

Lido conducts due diligence on each sub-advisor, which includes review of its performance returns, management team, and adherence to the guidelines and restrictions of the strategy. In its sole discretion, Lido has the authority to add, replace, or remove any sub-advisor on behalf of a client without the client's prior consent.

### **6. Financial Planning**

Lido may also provide financial planning services. These services include, but are not limited to, providing advice on the following:

- Investment portfolio analysis and asset allocation;
- Evaluation of outside investment accounts and assessment of overall financial position;
- Insurance and risk management evaluation;



- Estate and retirement planning;
- Tax awareness;
- Wealth transfer and charitable giving;
- College savings; and
- Family governance and living expense considerations.

To begin the process, Lido generally collects, organizes, and assesses client data including information concerning the client's lifestyle, risk tolerance, and cash flow, as well as identification of the client's financial concerns, goals, and objectives. Lido's primary objective is to assist clients in developing a strategy for successfully managing income, assets, and liabilities to meet their financial goals and objectives.

Lido will provide clients with a comprehensive plan and options of utilizing Lido to implement this plan. Should a client adopt Lido's plan, Lido will advise on actual or potential conflicts of interest arising from Lido's use of its own advisory services or strategies. Clients can accept or reject Lido's plan and may retain the authority and discretion over all implementation decisions. Should the client proceed with Lido's plan, actual or potential conflicts of interest will arise as Lido will likely utilize its own allocations, strategies, products, or services and will receive fees or other monetary benefits as a result. Lido will endeavor to address these conflicts through disclosures and other remediation efforts as the circumstances warrant. A client is under no obligation to utilize Lido's plan or its services to implement the plan.

In some circumstances, Lido may charge an additional fee for financial planning. Lido's fee will be negotiated with the client, will vary depending on the specific services contemplated, and memorialized under separate agreement. Finally, Lido makes no assurances that its plan will be successful in meeting a client's financial goals and objectives.

## **7. Family Office Services**

Lido also provides a broad range of family office services, which include non-investment related matters, such as a review of estate and tax planning issues. Lido and its Investment Adviser Representatives ("IARs") do not provide specific estate or income tax advice but will introduce the client to affiliated accountants, attorneys, or consultants, including others at The Lido Companies, or similar unaffiliated professionals. Lido will also work directly with a client's advisors as needed. A client who initially engages Lido for consultation services only and later wishes to engage Lido for discretionary investment management services is required to enter into a separate written agreement with Lido for those services, for which Lido will be paid a separate and additional fee based on the client's assets under management.

## **8. Financial-Related Services through Affiliates and Third Parties**

Lido has arranged for affiliates, including others from The Lido Companies, and third parties, such as independent contractors and other licensed professionals, to provide clients with certain financial-related services that supplement or are complementary to Lido's advisory services. These financial-related services, which include, but are not limited to, estate planning, fiduciary and trust services, tax consulting, tax preparation, and corresponding legal advice on such matters, will incur additional fees, which may, at Lido's discretion, be offset by a corresponding credit, in full or in part, against other Lido fees, including, but not limited to, Lido's Asset Management fee or a direct payment, in full or in part, by Lido to these affiliates or certain third parties. Clients will in almost all instances engage directly with Lido affiliates or third parties for these financial-related services. During this process, Lido, its affiliates, or the third-parties will provide additional information concerning the nature and scope of the financial-related services, the relevant agreements concerning the provision of such services, and disclosures concerning any actual or potential conflicts.

Enterprise, a California-chartered trust company wholly-owned by Lido, provides fiduciary, trust, and agency services to Lido clients and others. Enterprise's fees for such services are separate and apart from Lido's fees. Lido's ownership of Enterprise presents an actual conflict of interest in that Lido referrals of its clients to Enterprise may be influenced by Lido's economic benefit relating to the additional fees charged by Enterprise to Lido clients. This actual conflict is remediated by disclosure to clients and negotiated lower fees for such services.





Oakhurst Strategies, a wholly-owned subsidiary of an affiliated Lido company and Lido d/b/a, provides primarily options-based strategies to institutional clients, including, but not limited to, other investment advisers. Lido is a sub-advisor of Oakhurst Strategies and has registered “Oakhurst Strategies, LLC” among other related branding as a d/b/a. There is no advisory relationship between Oakhurst Strategies and clients of other Lido Companies. As most if not all option-based strategies are implemented at Oakhurst Strategies and Lido, there is an actual conflict of interest relating to execution and allocation of trades. This conflict is addressed through Lido’s allocation policies and procedures, which, among other things, provides for blocking of related trades, if available, reasonable efforts to coordinate trading so that clients of The Lido Companies are isolated by day and time or otherwise rotated with a focus on equitable trading for all clients.

## C. Important Information About All Lido Services

### 1. Gathering Individual Client Information

Lido's investment advice is customized to each client's portfolio based upon the individual needs, objectives, and other financial goals of the client. At the onset, Lido memorializes a client's investment objectives, risk tolerance, time horizon, and other relevant information in a client's Risk Profile, IPS, or similar document. The Risk Profile or IPS, together with the information gathered by Lido will be used to determine an investment strategy or financial plan.

A client is also responsible for promptly notifying Lido in writing of any material changes in the client's financial situation, investment objectives, risk tolerance, time horizon, or any other factor that may impact Lido's recommended investments.

Lido requires a client to execute certain agreements reflecting the terms and conditions of Lido's services (collectively, the "Agreement"). The Agreement sets forth the entirety of Lido's and a client's relationship and can only be amended or modified in writing upon both Lido's and the client's agreement. A Lido IAR will generally meet with all clients no less than annually to review the client's investment goals, life changes, and managed assets and portfolios. Lido IARs are also available during normal business hours to consult with clients.

### 2. Client Relationship

Lido substantially relies on the information provided by the client and that client's other advisors, such as accountant and lawyers, to provide its services. A client authorizes Lido to rely on this information and Lido will not assume any responsibility for information provided by a client or third parties on behalf of the client. Lido's relationship with a client is further described in this Brochure, Forms ADV Part 2B, and Form ADV Part 3 (“Form CRS”), which are provided when Lido provides investment advice or to the client at the onset of the relationship. Lido's and the client's relationship will remain in effect until the Agreement is terminated by either Lido or the client. Lido does not participate in any wrap fee programs.

## D. Regulatory Assets Under Management

As of December 31, 2022, Lido manages the following regulatory assets under management:

Type of Account	Regulatory Assets Under Management
Discretionary	\$12,642,502,617
Non-Discretionary	\$459,564,125
Total:	\$13,102,066,742



## Item 5: Fees And Compensation

### A. Advisory Fees

Lido typically charges a percentage fee based on a client's total assets managed by Lido ("Asset Management fee"). Lido has also entered into other fee arrangements including, but not limited to, fixed fees based on client specific circumstances, or the advisory service being rendered. The Agreement will reflect all fee arrangements with the client. Although Lido believes its fees are competitive, the client should be aware that lower fees for comparable services may be available from other sources.

#### 1. Asset Management Fees

Lido's Asset Management fee is calculated based on variable, annual percentage determined by the client's managed assets' value as of the last quarter end. The variable annual percentage is determined by the client's managed assets' value reflected below:

Annual Percentage	Managed Asset Amount
1.25%	on account assets under \$2,000,000
1.00%	over \$2,000,000

This fee schedule applies only to Lido's Asset Management fee. Other fees, such as those charged by custodians, TPAMs, or sub-advisors, will be in addition to the Asset Management fee.<sup>11</sup>

<sup>11</sup> As a result of Lido's transaction with SBL in February 2023, Lido agreed to preserve the asset management fee schedule for clients of SBL (who as part of the acquisition consented to the assignment of their SBL investment advisory agreements to Lido) for a period of three years. In the event that former SBL clients execute a new investment advisory agreement with Lido, terminating their agreement with SBL as a consequence, the SBL investment advisory fee will still be applicable, in all material respects, with the potential exception of the calculation methodology, which may, at Lido discretion, be completed as described immediately above.

Annual investment advisory fee, as historically assessed by SBL are based upon a percentage of the market value of the assets placed under management (between negotiable and 1%) as follows:

Percentage	Managed Asset Amount
1.00%	on account assets under \$2,000,000
0.75%	from \$2,000,000 through and including \$4,000,000
0.50%	Over \$4,000,000

The fee schedules for other clients from SBL's previously acquired firm are:

Percentage	Managed Asset Amount
1.20% to 1.50%	on account assets up to an including \$250,000
1.00%	from \$250,000 through and including \$500,000
0.80%	from \$500,000 through and including \$3,000,000
0.50%	Over \$3,000,000

These fees are deducted or billed to the applicable clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.



Relevant in determining the total Asset Management fee is Lido's valuation of the client's account at the time the fee is assessed. When determining market value of an account for purposes of calculating advisory fees, Lido's policy is as follows:

- For all publicly traded, marketable securities held by the client, Lido receives daily prices electronically from a third-party provider, which are reconciled with daily prices received by clients' custodians. Any noted discrepancies are promptly corrected, and the reconciled prices are used for determining market value. Market value of an account includes securities and cash and cash equivalents in the account.
- For privately held, hard to value, or illiquid (where no public market or ready access to buyers or sellers) securities, such as Alternative Investments, Lido evaluates the value provided by the third party managing the investment, Lido's own valuation due diligence practices, and at least a quarterly review of those investments.

The Asset Management fee is prorated by quarter and is paid per quarter in arrears in four quarter increments. Lido determines the average daily balance of a client's assets on the last day of each quarter and assesses the Asset Management fee based on that average daily balance for each day of that quarter. This calculation includes the market value of assets held on margin.

A \$2,500 minimum Asset Management fee per quarter applies. Lido has discretion to waive or reduce this minimum. Lido also has discretion to waive or reduce the Asset Management fee with respect to any client, based on account size, the investment strategy, and the relationship between the client and Lido, among other factors. Lido generally waives fees for its employees and their friends or relatives. Lido, at its discretion, will provide billing credits against its management fees for professional legal and tax services to qualifying clients. Lower fees for comparable services may be available from other sources.

Finally, should a client begin its relationship with Lido in the middle of a quarter, the Asset Management fee will be prorated for assets held for a partial quarter based on the number of days that the account was open during the quarter. If Lido's services are terminated prior to quarter end, Lido will prorate the Asset Management fee.

## **2. Billing Authorization**

A client authorizes the automatic debit of quarterly fees through the custodial account as soon as practicable following the last business day of each calendar quarter. A client may pay Lido's quarterly fees by check. In such cases, Lido will send the invoice directly to the client. The custodian will issue periodic statements to the client that will reflect any fees paid to Lido. A client is urged to review custodial account statements to reconcile Lido fees for accuracy.



### 3. OASDX Fees and Expenses

OASDX fees and expenses are reflected on the below table, which may change from time to time. For more detail concerning OASDX fees and expenses, a copy of the prospectus may be requested from Lido. OASDX Institutional share class is available for investment, these shares require a \$25,000 minimum investment, which may be waived by Lido.

Currently, OASDX is comprised of ETFs and other investments that have their own independent expenses, such as brokerage and other expenses discussed in the prospectus. These expenses are not reflected in the table above. Lido has agreed to cap its direct expenses to 1.5% of OASDX's average daily net assets until August 23, 2024.

OASDX Institutional Shares	
Sales Charge (Load)	\$0
Deferred Sales Charge (Load)	\$0
Management Fees	1%
Shareholder Servicing Fee	0.10%
Other Expenses	0.50%
Acquired Fund Fees and Expenses	0.08%
Total Annual Expenses	1.68%

### 4. Promoter Fees and Referral Arrangements

Lido utilizes promoters that refer clients for compensation. In addition, from time to time, Lido will work in conjunction with other third-party consultants for the benefit of Lido clients or other individuals or entities. In certain situations, these third-party consultants will share a proportion of their resulting fees with Lido. Such fee sharing arrangements may result in conflicts of interest, depending on, among other things, the circumstances surrounding the engagement, requires approval by Lido's CCO or designee and disclosure to the counter-party. As with all its fees, Lido retains discretion on its application and amount.

### 5. Asset Reporting Fee

Lido may, as an accommodation to a client, track or monitor client assets that are not being actively managed in which Lido has no discretionary authority. Lido incorporates these unmanaged assets into a customized and comprehensive periodic client report. Lido typically charges a reduced annual fee for these unmanaged assets of 0.25%.



## **6. Fixed Management Fees**

Lido generally negotiates a fixed rate management fee with certain ultra-high-net-worth clients. This fixed fee generally includes other services, such as tax and estate planning, in coordination with a client's advisors, such as lawyers and accountants, and concierge services. Lido's billing schedule varies based on individual client negotiations. Lido will credit any unearned fees should its relationship with the client end.

## **7. Client Consultation and Financial Planning Fees**

Lido offers financial consultation services, which includes financial planning, at a \$500 hourly, negotiated fixed rate, or percentage fee based on applicable client assets. Lido maintains sole discretion as to these rates.

## **B. Other Fees and Expenses**

Lido's fees do not include third-party fees, such as custodial, mutual funds, ETFs, TPAMs, and Alternative Investment-related fees and expenses. The client is also subject to, as applicable, transaction costs, retirement plan administration fees, deferred sales charges on mutual funds initially deposited in the account, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, among other fees, that are not assessed by Lido.

Lido, in certain circumstances and in its sole discretion, absorbs third-party fees, including, but not limited to, fees charged by Alternative Investments, TPAMs, sub-advisors, and other third parties. In those instances, Lido will inform the client. A client should review all Lido and third-party fees charged, in addition to the Lido fees, to understand the full cost of Lido's investment recommendations. Notably, all fees will have a substantial impact on an investment's overall performance and must be accounted for in a client's investment decisions.

## **1. Mutual Fund and ETF Fees**

Client assets invested in mutual funds or ETFs will be subject to certain fees and expenses imposed directly by mutual funds and ETFs to their shareholders, which are described in each fund's prospectus. These fees will generally include management fees, other fund expenses, and distribution fees (e.g., 12b-1 fees). These fees are referred to as a fund's "expense ratio" and are deducted at the mutual fund level when calculating the fund's net asset value ("NAV"). The deduction of these fees has a direct bearing on the fund's performance. If a mutual fund also pays sales charges, a client will pay initial or deferred sales, surrender, or redemption charges.

In addition, certain open-end mutual funds offer different share classes with expense ratios and sales/redemption fees that are higher with a typically lower minimum investment (commonly referred to as "Investor Share Class") than other share classes, which can have lower expense ratios and sales/redemption fees but typically require a higher minimum investment (commonly referred to as "Institutional Share Class"). The most beneficial share class – Investor or Institutional – will depend on a number of different factors, including, but not limited to, the duration and amount of client's investment. Mutual fund expense ratios and sales or redemption fees vary by mutual fund and typically a mutual fund's prospectus will detail all its fees.

Transaction costs also factor into the overall costs when investing in mutual funds. Such costs can be charged by the broker dealer for both purchases and redemptions. Some custodians offer certain mutual fund share classes with no transaction costs while charging transaction costs for other mutual fund share classes.



Lido will account for the availability of different share classes and their respective transactional costs, or lack thereof, among other factors, to ascertain the appropriateness of any mutual fund for its clients at all stages of their relationship with Lido, including, but not limited to:

- Lido's initial allocation involving mutual fund-related assets for a client;
- Lido's changes to any allocation involving mutual fund-related assets for a client; and
- Lido's review, assessment, and, if deemed appropriate, changes to a client's pre-existing mutual fund-related holdings at the onset of the client's relationship with Lido.

Although Lido believes that there will seldom be circumstances when Lido does not have access to certain mutual fund share classes with overall lower costs, for example when a custodian does not offer that share class or that a minimum investment amount cannot be met, Lido will invest a client in the mutual fund share class that is available.

## **2. Lido-affiliated Mutual Fund Fees**

Lido, at its discretion, invests clients in OASDX, a mutual fund in which Lido is the advisor, or mutual funds managed by Oakhurst Capital Management, LLC ("OCM", managed funds "OCM Funds"), in which Lido owns a minority interest.

In both instances, Lido receives an economic benefit, through OASDX management fees, among other fees, or a share of profits derived from advisory fees related to OCM, from client investments that results in a conflict of interest. Lido addresses this conflict through disclosure to its clients investing in these funds and will conduct periodic analysis to review suitability for its clients, including, but not limited to, other non-affiliated investments that provide materially better terms, conditions, risk, and performance, among other factors. Lido has elected to waive its Asset Management fee on client assets invested in OASDX.

## **3. Lido-Affiliated Joint Venture Fees**

OCM, an affiliated joint venture between Lido and an independent, unaffiliated entity, manages OCM Funds that are utilized by Lido to manage its client assets. Lido is a less than majority owner of OCM, has certain material governance rights, and does not have day-to-day operating authority. As Lido has an ownership interest in OCM, a conflict of interest exists as Lido benefits economically from Lido client investments in OCM Funds. Lido addresses this conflict through disclosure to its clients investing in OCM Funds and assessing whether or not similar strategies can be executed on behalf of the client with similar effect and lower costs. In certain instances, Lido may elect to waive or reduce its Asset Management fee on client assets invested in OCM Funds.

## **4. Alternative Investment Fees**

A client invested in Alternative Investments, such as private funds, is also subject to management fees, performance fees, and other expenses as described in the Alternative Investments' offering materials. Lido clients have also invested in certain "fund of funds" – funds that have invested in other third-party funds – are also charged other transaction and real property-related fees by these third-party funds, including, for example, acquisition and disposition fees, property and improvement management fees, and loan origination and exit fees. All of these fees are in addition to any Lido fees.

From time to time, Lido will enter into shareholder services agreements with certain managers of private funds to provide certain supplemental services, including operational, logistic, and marketing support. In instances where Lido clients are investors in those funds, the portion of those fees that would be allocable to Lido clients are credited to those clients. Additional information concerning these services and resulting conflicts are included in the offering memoranda of these private funds.



## **5. Lido-affiliated Alternative Investment Fees**

Lido, through its affiliates, manages certain private funds, including, but not limited to, funds focused on hedged equity strategies, such as the Cap and Cushion strategy, and “feeders” into other private funds, such as private equity and credit (“Lido Private Funds”). Lido does not assess any management fees in connection with Lido Private Funds and instead charges an annual administrative fee, which is typically less than .50%, that reflects an estimated cost of operating these funds. These costs include both third-party service provider costs that would typically not be paid by the fund as well as an allocation of internal costs. This administrative fee is in addition to Lido's Asset Management fee.

Lido and a Lido principal have an ownership interest in Palladius Capital Management, LLC (“Palladius”), which manages certain real estate-based private funds that Lido recommends to its clients. These ownership interests, which may result in a bias in favor of Palladius, are an actual conflict of interest, which is remediated by, among other things, negotiated lower management and performance fees and other material, protective rights on behalf of Lido clients.

## **6. Third-Party Asset Manager Fees**

TPAMs will also charge fees in addition to Lido fees. TPAMs should provide disclosures relating to those fees in their respective Form ADV Part 2A, which will be provided at the time of engagement of the TPAM and should be fully read before proceeding.

## **7. Lido-affiliated or Third-Party Research Fees**

Lido will, in certain instances, charge its clients for specific research services provided by affiliates or third parties that are specifically tailored to certain strategies utilized for its clients, which include, but are not limited to, Chantico Global, LLC (“Chantico Global”) and ESG Strategies. Chantico Global’s principal is Lido’s Chief Market Strategist and is a voting member of Lido’s Investment Committee, which is a potential conflict of interest in that Lido may be biased in favor of Chantico Global’s research. This potential conflict of interest is remediated by Lido’s restricting Chantico Global and its principal from any material involvement in Lido’s utilization of this research and resulting trades, if any, from this research.

## **8. Broker Dealer/Custodian Fees**

Clients will incur brokerage commissions and other execution costs charged by the custodian or executing broker dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by Lido.

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

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Lido does not charge fees calculated based on a share of capital gains upon or capital appreciation of an investment, otherwise described as performance-based fees. Consequently, Lido does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee.



## Item 7: Types of Clients

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### A. Clients

Lido offers and provides investment advisory and financial-related services to its clients, which include high-net-worth and ultra-high-net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, businesses, and pooled investment vehicles.

### B. Client Accounts

Lido generally requires a minimum of \$1 million to open an account. Lido may waive this minimum as well as decline any potential client for any reason. Lido's client relationship is reflected in the Agreement.

Clients covered under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") will be provided certain required disclosures to the "responsible plan fiduciary" in accordance with ERISA Section 408(b)(2). These disclosures provide notice setting forth Lido services and the direct and indirect compensation Lido receives from these services. Lido provides information related to its compensation arrangements in its Brochure and Agreement. These disclosures are collectively designed to enable the ERISA fiduciary to determine the reasonableness of all compensation received by Lido, identify any potential conflicts of interests and satisfy reporting and disclosure requirements to plan participants.

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

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### A. Methods of Analysis and Investment Strategies

Lido analyzes its recommended investments using a combination of qualitative and quantitative information, including, but not limited to, news, financial publications, internal and external research reports, interviews, prospectuses, and exchange market data. Lido recommends investment strategies that are informed by each client's investment objectives, risk tolerance, and time horizon, among other factors. Lido will also:

- Redistribute investment allocations in order to diversify a client's portfolio and in an effort to reduce risk and increase performance.
- Utilize specific investments to increase sector weighting or dividend potential and employ cash positions in an effort to hedge against market movement.
- Sell positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in a client's portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

Lido provides no assurances that these strategies will ultimately meet client objectives. Lido's recommended investments bear risk, some more than others, and a client should be prepared to assume those risks, including the potential for complete loss.





## 1. OASDX

OASDX typically invests in a portfolio of securities that are representative of or designed to replicate, but not intended to match, the S&P 500 Index ("Index", market capitalization weighted index of the 500 largest U.S. publicly traded companies by market value). OASDX's investments include ETFs that seek to track the performance of the Index and simultaneously use options on ETFs in combination with U.S. Treasury or other fixed income securities to enhance OASDX's potential returns during up markets while seeking to limit losses during down markets.

OASDX will also write call options with strike prices and expiration dates designed to reduce the volatility of OASDX's investment portfolio and to earn premiums. A call option gives the holder (buyer) the right to purchase a security at a specified price (the exercise price) at any time until a certain date (the expiration date). OASDX will use cash, U.S. Treasury or other fixed income securities, or other collateral like ETFs, to cover the written call options. OASDX is permitted to utilize put options to lower the overall volatility of OASDX's investment portfolio, to "hedge" or limit the exposure of OASDX's position.

## B. Material Risks

Lido's recommended investments, as with all securities, involve the potential for a significant risk of loss, including, but not limited to, complete loss of any initially invested capital or principal. Lido's recommendations are subject to various market, currency, economic, political, and business risks, and these investment decisions are not always profitable. Moreover, there is risk that the initial principal will be lost due to these risks. Clients must be prepared to bear these risks and the possibility of total loss for any Lido recommended investment. Lido cannot and does not make any assurance that any recommended investment will successfully meet a client's expectations.

Before investing, clients should:

- Commit assets that can be invested on a long-term basis, usually a minimum of three to seven years, at times even longer horizons;
- Understand that volatility from investing can occur and recommended investments can fluctuate widely; and
- Understand that over time the client's assets may be valued more or less than the amount invested.

Lido typically invests for the long-term and generally does not engage in daily or high-frequency trading. Nevertheless, TPAMs selected by Lido can employ such strategies, and as a result, such frequent trading can result in increased brokerage and other transaction costs, which may lower an investment's overall performance and consequently a client's overall return.

The following is not an exhaustive or complete rendition of all material risks related to Lido's strategies and allocation practices. Lido has deemed the following asset classes, investment products or structures, or specific strategies to be of particular risk or complexity and has set forth the respective and corresponding material risks below. Lido urges clients to review additional general and specific disclosures, prospectuses and related materials provided by TPAMs, sub-advisors, and other asset managers, and other important supplemental materials provided at the onset of and throughout the course of a client's relationship with Lido.

### 1. Options

Lido utilizes options, in isolation or in combination of other securities, as part of its strategies. Options are complex products, require margin (and borrowing at times), bear high and material risks:



- **Call Risk:** When writing covered call options to produce income for a client's account, there can be times when the underlying stock is "called" (call option contract exercised or assigned) by the investor that purchased the call option. That means the client would be required to sell the underlying security at the exercise (pre-determined) price to that investor.
- **Margin Risk:** Clients are usually required to open a margin account in order to invest in options, which carries additional risks and would result in margin interest costs to the client.
- **General and Specific Market Risk:** Option positions tend to be adversely affected by company specific issues (the issuer of the underlying security) which can include but are not limited to bankruptcy, insolvency, failing to file with regulatory bodies, being delisted, having trading halted or suspended, corporate reorganizations, asset sales, spin offs, stock splits, mergers, and acquisitions. In addition, market related actions, political issues, and economic issues may adversely affect the option market. These factors could restrict, halt, suspend, or terminate option positions written (sold) or purchased.
- **Valuation Risk:** Changes in value of the option do not always correlate with the underlying security, and the account could lose more than principal amount invested.

Options involve a high degree of risk and are not suitable for all clients. A client should read "Characteristics and Risks of Standardized Options", which can be obtained from any exchange on which options are traded, at [www.optionsclearing.com](http://www.optionsclearing.com), by calling 1-888-OPTIONS, or by contacting your broker or custodian.

## 2. Alternative Investments

Lido recommends Alternative Investments, including private funds, as an integral part of its overall investment strategy. In making these recommendations, Lido evaluates clients on a number of factors, including, but not limited to, sophistication, risk tolerances and qualifications, investment objectives, and available and investable assets. Lido endeavors to allocate Alternative Investments to clients in a fair and equitable manner, but not all qualifying clients will have an opportunity to invest. A client's Alternative Investments are held at the custodian selected by each Alternative Investment sponsor or investment manager with Lido's assistance. Alternative Investment performance is typically reported directly by sponsor or manager and is monitored by Lido.

Clients should review all offering materials, including private placement memoranda, if applicable, before investing as these materials provide important information about the investment's terms and conditions, risk factors, and actual or potential conflicts of interest. Lido may also provide additional material to highlight important information concerning the Alternative Investment. This may include, but is not limited to, information concerning:

- **Liquidity Risk:** Most, if not all, Alternative Investments do not have a ready, public market for resale. In those instances, a client cannot sell or otherwise dispose of the investment. In instances where a client is provided an opportunity to divest, those opportunities carry significant fees and potential loss in value. In other words, a client will be unable to sell the Alternative Investment without substantial loss, including principal loss.
- **Capital-Deployment Risk:** Certain Alternative Investments, particularly those involving real estate, may not have immediate opportunities to deploy investor capital. Although a client may have invested in the Alternative Investment, that investment may not be immediately utilized because appropriate opportunities may not yet exist or have been identified. As such, a client's investment may not be used until such opportunities are available, which may have an immediate and detrimental impact on a client's overall expected and actual return.
- **Tax Risk:** Many Alternative Investments are structured as limited partnerships. As a result, a client will receive K-1 s reflecting that limited partnership interest. In addition, depending on the nature of the Alternative Investment, these K-1 s may be issued for multiple states, resulting in a client filing taxes in those states. Finally, a client may be required to file tax filing extensions as these K-1 s may be issued after the tax deadline.



- **Suitability Risk:** Lido may recommend Alternative Investments as part of its overall investment strategy. These investments present unique risks that include but are not limited to, illiquidity, higher fees, volatile performance, heightened risk of loss, limited transparency, special tax considerations, subjective valuations, and limited regulatory oversight. Thus, Lido only recommends these investments to clients that it believes can bear these risks. A client must also meet regulatory requirements to be eligible to make these investments, including minimum net worth and sophistication requirements. Any client investing in an Alternative Investment must carefully review corresponding offering documents to understand, among other things, the terms, conditions, risks, and conflicts of interest of the investment.
- **Performance-Based Fee Incentive Allocation Risk:** Alternative Investments often impose performance-based fees or incentive allocations payable to the fund manager or general partner. Those performance-based fee or incentive allocation structures create an incentive for the managers of these investments to make investment choices that are riskier or more speculative than would be the case in the absence of a performance-based fee/incentive allocation structure. When applicable, the performance-based fee structure could also cause those managers to devote a disproportionate amount of time to manage these investments, and compensation may be larger than it otherwise would have been because the fee and incentive allocation will be based on account performance instead of a percentage of assets under management.
- **Leverage/Hedging Risk:** Certain Alternative Investments employ the use of leverage or hedging, which also creates additional risk. Leverage is the use of debt to finance an activity. Hedging on the other hand occurs when an investment is made in order to reduce the risk of adverse price movements in a security. For example, hedging is used when one takes an offsetting position in a related security, such as an option or short sale. While leverage or hedging can operate to increase rates of return, it also increases the amount of risk inherent in an investment.
- **"Fund of Funds" Risk:** Lido also recommends Alternative Investments that are considered "funds of funds" and the investments and strategies for some of the underlying portfolio funds include leverage, short sales, uncovered options, futures, derivative instruments, forward and swap foreign exchange contracts, non-U.S. securities, "junk" bonds, and illiquid investments. These investments carry high costs, substantial risks, such as the risks inherent in an investment in securities, as well as specific risks associated with each underlying fund's investment strategy.

### 3. First Deed Trusts and Real Property

Lido recommends to certain clients that they consider investments in first trust deeds (whereby the client will lend money to a borrower to purchase real property and in return, receives a deed of trust on the real property until the loan is paid in full). In other cases, Lido will recommend certain Alternative Investments that utilize invested assets to purchase real property, such as private residences, commercial property, or a combination of both, or first trust deeds. While Lido believes these investments are suitable for certain clients, these investments may have substantial risk. There is no publicly traded securities market for these types of investments. In addition, investments in trust deeds and real estate are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other state or federal agency.

The following outlines the risks specific to First Deed Trusts:

- **Valuation Risk:** The value of the underlying property is appraised as of a specific date. There is no guarantee or assurance that the appraised value reflects a value that a buyer would be willing to pay.
- **Borrower Risk:** The borrower's ability to continue to make payments and repay the loan will depend upon the borrower's financial condition, which could change over time.
- **Default Risk:** Default by the borrower could affect monthly payments. Under extreme cases, it may be necessary to foreclose or take other actions to protect your investment. The total amount received upon foreclosure could be more or less than the total amount invested.
- **Bankruptcy Risk:** If a borrower files a reorganization or full insolvency bankruptcy, the foreclosure process could be stalled. Additionally, investors could incur significant legal fees and costs in attempting to obtain a relief. (Relief



consists of getting court approval to release the property out of the bankruptcy so that the property can be foreclosed upon.) Furthermore, the court could modify the terms of the loan by extending the due date, changing the interest rate and payment structure, or causing the priority of the loan to be subordinated to a bankruptcy court- approved financing plan.

The following outlines the material risks specific to Real Property:

- **Real Estate Market Risk:** The value of the real estate property is generally appraised upon purchase. Over time, the value of the real estate property can vary widely depending on market conditions. There is no guarantee or assurance that the carried value reflects a value that a buyer would be willing to pay.
- **Foreclosure Risk:** If the real estate investments are obtained by a loan and the borrower is unable at any time to make the loan payments, it may cause the holder of the note to foreclose or take other actions to protect their investment.

## Item 9: Disciplinary Information

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Lido is required to disclose all material facts regarding any legal or disciplinary events in the past ten years that it believes would be material to a client's or prospective client's evaluation of Lido or the integrity of its management. Lido does not have any of these legal or disciplinary events and thus has no information to disclose with respect to this Item 9.

## Item 10: Other Financial Industry Activities And Affiliations

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### A. Passive Ownership or Investment Affiliations

- **2012 Lido GST, LLC:** 2012 GST is a passive, minority owner with certain limited governance rights and participates in the profitability of Lido. 2012 GST and its affiliates are also Lido clients. Additionally, an affiliate of 2012 GST is in the business of loaning monies to, among others, certain funds managed by Oakhurst Advisors, LLC ("Oakhurst"). Either its affiliates or 2012 GST, in their collective capacity as Lido clients, Lido owner, and lender, results in significant actual or potential conflicts of interest, including, but not limited to, Lido favoring 2012 GST over other clients or Lido providing preferential or sole access to certain recommended investments. 2012 GST and its affiliates, by virtue of their investment experience, sophistication, risk tolerance, and substantial net worth, can and do invest in certain investments that would not be suitable for all but a few Lido clients. Lido policies and procedures require that the CCO or the CCO's designee review and approve transactions in these circumstances.
- **WHI** is an affiliate of a Lido client and minority owner of Lido. WHI participates in Lido's profitability and has certain limited ownership rights. WHI, however, is not involved in Lido's day-to-day operations. As both a client and Lido owner, there are significant actual or potential conflicts of interest, including, but not limited to, Lido favoring WHI over other clients or Lido providing preferential or sole access to certain recommended investments. WHI and its affiliates, by virtue of their investment experience, sophistication, risk tolerance, and substantial net worth, can and do invest in certain investments that would not be suitable for all but a few Lido clients. Lido policies and procedures require that the CCO or designee review and approve transactions in these circumstances.
- **LIH** is a passive owner of Lido, LIH's manager's member is a Lido client and certain LIH members are also Lido clients. LIH participates in Lido's profitability and has certain limited ownership rights. LIH, however, is not involved in Lido's day-to-day operations. As both a client and Lido owner, there are significant actual or potential conflicts of interest,

including, but not limited to, Lido favoring LIH members over other clients or Lido providing preferential or sole access to certain recommended investments. Lido policies and procedures require that the CCO or designee review and approve transactions in these circumstances.

- **Leviathan Co-Invest I, LLC (“Leviathan”)** is a co-investment vehicle for certain Lido and Oakhurst principals, employees, and other affiliates to invest in private funds managed by Oakhurst and its affiliates. Leviathan’s co-investment is typically \$1 million although the investment may vary fund by fund. Leviathan does not charge management fees, which creates a conflict of interest whereby Lido and Oakhurst principals, employees, and affiliates may receive better performance than Lido clients invested in the same fund. Further, certain Alternative Investments, including Lido Private Funds, are limited to a certain threshold of investors due to, among other things, applicable law and regulations or the investment’s structure. Further, Alternative Investments may have limitations to the total amount that can actually be invested in any particular Alternative Investment. Investments under these circumstances may result in a displacement of or materially decreasing the amount of total investment available to a client. In other words, these investments will have used a “slot” or invested up to the monetary capacity of the Alternative Investment that would otherwise have been available to a client. Lido addresses and mitigates these actual and potential conflicts through its Code of Ethics that includes pre-approval and reporting requirements of certain personal securities transactions by Lido principals, directors, officers, agents, or employees, including Alternative Investments, and through disclosures to clients. Finally and more broadly, Lido believes that investing parallel to its clients further aligns the interests of its principals, employees, and affiliates with the interests of Lido clients.
- **Other Passive Investments or Affiliations** – Lido principals are from time to time introduced to certain investment opportunities from their clients, from family members of their clients, and from a variety of other sources. The principals conduct their own independent due diligence and obtain approval from Lido’s CCO or designee to participate in these investments. Most if not all of these investments are deemed too speculative for clients. In instances where Lido believes that the opportunity is suitable for clients, they will establish the criteria for determining suitability and then obtain an indication of interest from those clients.

## B. Oakhurst Advisors, LLC

- **Oakhurst Advisors, LLC (“Oakhurst”)** is a separate SEC-registered investment adviser that manages illiquid alternatives, namely private funds. Lido and certain of its principals have long-lived professional relationships with Oakhurst principals and as a result may be inclined to recommend Oakhurst’s and its affiliates’ investments, including those managed by Palladius, and Oakhurst and Lido affiliate, to clients to The Lido Companies, which is a potential conflict of interest. From time to time, Lido clients or owners present certain investment opportunities to Oakhurst and are deemed to be suitable for investment in Oakhurst private funds, which are then recommended to clients. Such opportunities and investments present conflicts of interest in that Lido may be biased in favor of these opportunities and that these Lido clients or owners will benefit when an investment is made. In order to mitigate these conflicts, Lido provides additional disclosures to Lido clients that identify and describe the conflicts and its efforts to remediate these conflicts, which may include, but are not limited to, negotiated reductions in fees and balancing the conflicts in light of the opportunities and potential benefit that would not otherwise be available to Lido clients. Lido will continue to monitor this potential conflict of interest and address as appropriate.
- **Lido’s Relationship to the Oakhurst-affiliated investments’ Bridge Loan Lender:** Oakhurst may obtain or has obtained bridge loans from certain clients (“Bridge Loan Lender”) that have or will be used to secure certain underlying assets of Oakhurst-affiliated investments prior to being opened to other clients for investment. To date, the only Bridge Loan Lender has been an affiliate of 2012 GST, which is a part owner of Lido. For those Oakhurst-affiliated investments involving the Bridge Loan Lender, the Bridge Loan Lender will receive interest during the loan’s duration. Oakhurst makes these interest payments from subsequent investments, which are generally made by Lido clients. Typically, if the loan is not fully paid by a date certain, the remaining balance is converted into an equity stake in the fund. Oakhurst has provided in the past and will provide in the future due diligence services to the Bridge Loan Lender regarding several investment opportunities unrelated to the Oakhurst-affiliated investments. Additionally, the



Bridge Loan Lender shares in revenues generated by Lido. Potential conflict of interest exists in that the Bridge Loan Lender may receive an investment opportunity and economic benefit unavailable to other clients, and the placement of Oakhurst-affiliated investment with other clients directly results in the repayment of the portion of the outstanding principal of the loan. Any bridge loans and any use of equity offering proceeds to redeem those loans are specifically disclosed in offering materials relating to Oakhurst-related funds.

- **Oakhurst operational allocations:** Lido allocates certain services and employees to Oakhurst for operational purposes. These services include, but are not limited to, information technology and equipment. Employees include those serving legal and compliance, marketing, investment, and office services, among other functions. Oakhurst is allocated expenses for these services and employees, which are accrued and ultimately reimbursed. Lido and Oakhurst's arrangement creates potential conflicts of interest based on competing resources devoted to Lido and Oakhurst functions, which creates operational risks. These risks are mitigated through routine supervision and coordination with Lido and Oakhurst management.
- **Lido and Oakhurst Compliance functions:** Lido's and Oakhurst's Chief Legal and Compliance Officer are the same individual and many of their compliance functions are performed by dual Lido and Oakhurst employees. Both entities' overlapping compliance functions can result in actual or potential conflicts of interests, including, but not limited to, the allocation of resources dedicated to the respective entities' compliance functions, Lido clients being disadvantaged by the potential bias in favor of Lido or Oakhurst, and the relationship between Lido and Oakhurst resulting in potential unidentified compliance risks. Lido will remediate these potential conflicts of interests by enhancing its policies and procedures, including, but not limited to, disclosures in Lido's and Oakhurst's respective Brochures and disclosures reflected in Oakhurst's private fund offering documents.
- **Palladius Capital Management, LLC ("Palladius"),** an affiliate of Lido and Oakhurst, is a private fund advisor focused on real estate-related assets. Lido offers these private funds to Lido clients as a regular course of business. Lido and Mr. Ozur have ownership interests in Palladius. Specifically, Mr. Ozur holds a minority interest of and a board seat at Palladius. Mr. Ozur spends less than 5% of his time on these outside business activities.

## C. Affiliates

- **Colorado Financial Management, LLC ("CFM")** is a wholly-owned, separate SEC-registered investment advisor that provides investment advisory services to clients primarily located in the Mountain West Region of the United States.<sup>12</sup> Messrs. Ozur and Stern sit on CFM's governing board. CFM is also a sub-advisor to Lido and its investment activities are overseen by Lido and Lido's Chief Investment Officer. Lido also provides for substantially all of CFM's administrative, operational, and compliance related functions, among others, and certain Lido IARs are also CFM IARs, and will, in certain circumstances do business as "Colorado Financial Services, A Lido Company". In addition, CFM will facilitate or offer The Lido Companies-related services, including, but not limited to, investment services, affiliated investment products, and trust and related fiduciary services. As Lido owns and controls CFM, The Lido Companies have actual conflicts of interests as The Lido Companies will provide its strategies and affiliated investment products. To address these conflicts of interest, CFM will disclose these conflicts to CFM clients.
- **Enterprise Trust & Investment Company ("Enterprise")** is a California-chartered trust company wholly owned by Lido and Messrs. Ozur, Stern, and Lee and Blair Buick, Lido's Chief Strategy Officer, sit on Enterprise's governing board. Enterprise provides trust-related services, such as trust administration and investment management to trusts and their assets. Lido receives economic benefit from Enterprise's activities, given its interest in the firm. Further, Lido and its IARs may receive compensation from Enterprise in return for client referrals. Lido's interest in Enterprise, and

<sup>12</sup> In February 2023, Lido acquired the assets and gained control of Sargent Bickham Lagudis LLC (doing business as Colorado Financial Management), a separate SEC-registered investment adviser ("SBL"). Pursuant to the terms of the acquisition: (i) SBL's clients assigned their contractual relationship with SBL to Lido; (ii) SBL changed its name to Colorado Financial Management, LLC; (iii) SBL preserved its investment adviser registration with the SEC; (iv) SBL continued its business activities in the Mountain West region; (v) Lido registered a d/b/a "Colorado Financial Management, A Lido Company" in Colorado; (vi) Lido will utilize this d/b/a in this same region; and (vi) Lido will preserve SBL's asset management fee schedule and billing methodology for its former clients, now Lido clients, for no less than three years.





the referral arrangements between Enterprise, Lido, and its IARs results in a conflict of interest whereby Lido is incentivized to direct Lido clients to Enterprise for trust services. To mitigate such potential conflicts of interest, Lido provides specific disclosures of the conflicts to Lido clients prior to engaging Enterprise. Further, Lido will monitor its relationship with Enterprise to determine whether additional disclosure, policies, or procedures are required.

- **IDB Lido Wealth, LLC (“IDB Lido Wealth”)** is a separate SEC-registered investment adviser that is a result of a joint venture between Lido and IDB Bank, a New York-based, federally chartered bank. Messrs. Ozur, Stern and Lee sit on IDB Lido Wealth’s governing board. IDB Lido Wealth has engaged Lido to perform substantial administrative, operational, and compliance-related functions, among others, and certain Lido IARs are also IDB Lido Wealth IARs. In addition, IDB Lido Wealth will facilitate or offer The Lido Companies-related services, including, but not limited to, investment sub-advisory services, affiliated investment products, and trust and related fiduciary services. As Lido is a part owner of IDB Lido Wealth and has been engaged to perform substantial services for IDB Lido Wealth, The Lido Companies have actual conflicts of interests as The Lido Companies will be predisposed to provide its strategies and affiliated investment products. IDB Lido Wealth’s board of directors monitor these conflicts of interests and in the case of Lido’s sub-advisory relationship, is overseen by the non-Lido directors, which has the sole discretion to terminate the sub-advisory agreement.
- **Lido International Partners, Ltd. (“Lido International”)** is a separate, non-U.S. financial services firm registered with the Dubai Financial Services Authority headquartered in Dubai, United Arab Emirates, that is intended to provide financial-related services and products to non-U.S.-based individuals and entities. Lido International is the result of a joint venture between Lido and an independent and unaffiliated entity. Lido holds its interest in Lido International through a non-U.S. holding company and Messrs. Ozur and Ken sit on the holding company’s governing board. Lido International does not anticipate offering any advisory or financial-related services to any The Lido Companies clients.
- **Lido Consulting Group, LLC (“Lido Consulting”)** is a wholly-owned subsidiary of a Lido affiliate that provides educational programs and networking opportunities in the investment advisory industry. Mr. Kushner and Alyssa Weinberger are officers of Lido Consulting.
- **Lido Tax, LLC (“L-TAX”)** is a separate, affiliated entity that provides tax consulting services, including tax preparation, primarily to Lido clients. L-TAX is majority owned by Lido with a minority interest held by a Lido IAR. Typically, Lido will provide certain clients with an Asset Management fee credit for application against L-TAX tax consulting services. Outside of this potential fee credit, Lido clients are responsible for all other L-TAX-related fees. Lido may receive an economic benefit from L-TAX activities, given its majority interest in the firm, which results in a conflict of interest whereby Lido may be incentivized to direct Lido clients to L-TAX for tax consulting services. In certain instances, however, Lido clients may not pay fees to L-TAX “out of pocket” for tax consulting services due to Lido’s above-described Asset Management fee credit. L-TAX also sublets office space in Lido’s Boca Raton office. To mitigate such potential conflicts of interest, Lido and L-TAX provides specific disclosures to Lido clients prior to engaging L-TAX. Further, Lido will monitor its relationship with L-TAX to determine whether additional policies and procedures are required. Clients may find similar or equivalent services for less at other third-party tax consulting services firms.
- **Oakhurst Capital Management (“OCM”)** is an affiliated, SEC-registered investment adviser that manages mutual funds and SMA strategies. OCM is a joint venture between Lido and another independent, unaffiliated entity. Mr. Ozur and Bradford Hixson, Managing Director, sit on OCM’s governing board. OCM is less than majority owned by Lido and shares in OCM’s profit or loss. Lido has sub-advisory agreements with OCM for management of certain Lido client assets. Barry Julien, an IAR of OCM and Lido and OCM President, leads OCM’s asset management efforts and has an ownership interest in OCM. OCM manages three mutual funds, Oakhurst Fixed Income Fund (“OHFIX”), Oakhurst Short Duration Bond Fund (“OHSDX”), and Oakhurst Short Duration High Yield Bond Fund (“OHSHX”). OCM will, at times, utilize OCM mutual funds in its SMAs. Lido’s and Mr. Julien’s conflicts of interest arises as they both benefit from Lido client investments in OCM funds and SMA strategies. In addition, Mr. Julien has additional conflicts of interest as a result of his roles, in certain instances as a fiduciary, at Lido and OCM. OCM will earn fees for managing Lido client assets in OCM funds and SMAs. Lido and Mr. Julien will receive a portion of these fees as a result of their respective ownership interests in OCM. In order to mitigate this conflict, Lido will provide an Asset Management fee



credit to offset, in part, any potential profit share from OCM. Lido will also monitor Lido's and Mr. Julien's conflicts of interest to determine whether any additional policies and procedures are necessary.

## **D. Independent Contractors and Outside Activities**

Gina Sanchez, Lido's Chief Market Strategist, is an independent contractor of Lido, performs various investment and marketing related services for Lido and is the owner and founder of Chantico Global, an investment consulting firm. Ms. Sanchez conducts business through Chantico Global and receives compensation for doing so. Although she devotes as much time to the business and affairs of Lido as is necessary to perform her duties, she also devotes a significant amount of time to performing services for her other outside businesses. The dual roles and additional compensation create potential conflicts of interests because her obligations to the outside business takes time away from her Lido duties.

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

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### **A. Code of Ethics Summary**

Lido has adopted a Code of Ethics ("Code") in compliance with Advisors Act Rule 204A-1. The Code establishes standards of conduct for supervised persons and includes general requirements that supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, potential conflicts of interest and confidentiality of client information. The Code reflects policies reasonably designed to prevent the unlawful use of material, non-public information by Lido or any of its associated persons. The Code also requires that certain of Lido's personnel ("Access Persons") report their personal securities assets and transactions and obtain pre-approval of certain investments, including initial public offerings and limited offerings. Other than certain exceptions that are outlined in the Code, Lido's Access Persons generally may not affect transactions for themselves or for their immediate family members (i.e., spouse, minor children, and adults living in the same household as the Access Person) within three (3) business days before and one (1) business day after any client transaction in the same security.

The Code also requires supervised persons to report any violations of the Code promptly to the CCO. Each supervised person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code during that year. Lido will provide a copy of its Code of Ethics to any client or prospective client upon request.

Consistent with the Code, the following is a summary of Lido's potential conflicts of interest. Since inception, Lido has developed close business relationships with entities and individuals deemed to possess certain levels of experience, expertise, and results, among other things. As a general matter, Lido initiates and continues these relationships consistent with its fiduciary duty and, ultimately, to the benefit of its clients. As these relationships develop, deepen, and mature, actual or potential conflicts of interest develop. Correspondingly, Lido has developed policies and procedures to identify, address, and remediate, to the extent possible, these actual or potential conflicts of interest, which are more fully described in detail below.

**Alternative Investments Allocation Practices.** The Alternative Investments that Lido recommends are generally considered limited offerings due to a limited aggregate investment amount or total number of investors. In certain instances, there will be more clients interested in investing in these Alternative Investments than space available. Lido





attempts to allocate client investments to these Alternative Investments fairly and equitably, including, but not limited to, assessing its clients' overall total allocation to a specific Alternative Investments, reviewing an Alternative Investment's investor capacity, underlying assets, projected and targeted returns, and risks, in undertaking recommendations to its clients. In addition, as clients' individual financial wherewithal, sophistication, and risk tolerance may vary, Lido's allocation recommendations may also be subjective. Not all clients who are interested in investing in these Alternative Investments may have an opportunity to do so.

Finally, there may be instances where Lido principals invest in these Alternative Investments. These investments may result in clients not being able to invest due to the above-described limitations.

These situations present potential conflicts of interest. Lido mitigates these potential conflicts by additional policies and procedures relating to Alternative Investment allocations, including, but not limited to, procedures establishing a defined "queue" arranging clients in chronological order based upon receipt of their investment commitment and consultation with Lido's CCO or designee to identify, discuss, and resolve any conflicts concerning acceptance of clients' investments outside of Lido's queue. In addition, Lido and Oakhurst co-invest in certain Oakhurst private funds through Leviathan, which mitigates this conflict by maximizing available space for all Lido clients by utilizing only one "slot" for this co-invest<sup>13</sup>.

**Soft Dollars and Other Brokerage-related Compensation or Benefits.** From time to time, Lido will enter into soft dollar arrangements whereby brokerage transactions are directed to certain broker dealers in return for investment research products or services. Although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable trade execution. Additionally, Lido generally recommends that clients use Fidelity, Schwab, or TD Ameritrade, as their custodial broker dealer. Fidelity, Schwab, and TD Ameritrade make available to Lido other products and services that benefit Lido but do not directly benefit clients.

Lido has an incentive to recommend that clients maintain their assets in accounts at Fidelity, Schwab, or TD Ameritrade due to the benefit to Lido and the availability of some of the products and services provided, which creates potential conflicts of interest. In order to remediate this potential conflict, Lido conducts best execution analyses on at least an annual basis to determine, among other things, pricing and execution consistency for its clients. Further, Lido has and continues to explore additional custodial platforms in order to decrease any actual or perceived reliance on one custodian.

**Testimonials and Endorsements.** Lido has entered into written agreements with third parties to provide endorsements<sup>14</sup> and refer clients to Lido for compensation. These promoter agreements comply with the requirements of Rule 206(4)-1 of the Advisers Act, which includes, among other things, ensuring that the promoters are not otherwise disqualified and are providing specific disclosures to prospects and clients regarding the arrangements. Although the specific terms of each agreement may differ, Lido generally provides compensation to these individuals ("promoters") calculated based on a portion of the Asset Management fee, when a prospective client becomes a client, and the duration of the client relationship with Lido. This type of arrangement creates a conflict of interest since the promoters have an incentive to endorse Lido.

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<sup>13</sup> Investment advisers of pooled vehicles can utilize an exemption from registration with the SEC by complying with certain rules and regulations that dictate investor accreditation and, in certain instances, limit the number of investors in that fund. By utilizing Leviathan, the co-invest, which is consolidated amongst a number of individuals and entities, utilizing only one slot.

<sup>14</sup> Endorsement means any statement by a person other than a current client or investor in a private fund advised by the investment adviser that: (i) Indicates approval, support, or recommendation of the investment adviser or its supervised persons or describes that person's experience with the investment adviser or its supervised persons; (ii) Directly or indirectly solicits any current or prospective client or investor to be a client of, or an investor in a private fund advised by, the investment adviser; or (iii) Refers any current or prospective client or investor to be a client of, or an investor in a private fund advised by, the investment adviser.



## **B. Participation or Interest in Client Transactions**

Lido's policy prohibits principal transactions or agency cross transactions on behalf of clients. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Based upon a client's stated objectives, Lido may, under certain circumstances, recommend the purchase or sale of securities in which Lido or its affiliates have invested personally. These recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Importantly, as part of Lido's fiduciary duty to clients, Lido and its Associated Persons will endeavor at all times to put the interests of the clients first and at all times are required to adhere to Lido's Code of Ethics. Lido and its Access Persons also invest personally in certain securities that are purchased for clients, including private funds. Lido's Code contains certain requirements designed to address the potential conflicts that arise with regard to personal trading by Lido or its Access Persons. For example, other than certain exceptions as outlined below, when Lido is purchasing or considering for purchase a security on behalf of a client, no Access Person may knowingly affect a transaction in that security within three (3) business days before and one (1) business day after any client transaction in the same security. The exceptions include: (i) when the Access Person's transaction is aggregated with client transactions and the Access Person receives the same average price as all client participating in such aggregated transaction, (ii) a limited amount of shares of any common stock listed on the Russell 1000 or S&P 500 Indices; (iii) when pre-approved by the CCO or designee; (iv) direct obligations of the Government of the U.S.; (v) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (vi) shares issued by mutual funds or money market funds; and (vii) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Finally, Lido permits its Access Persons to buy and sell certain securities for their own accounts and on their own behalf based on personal investment considerations. In order to do so, Access Persons must comply with Lido's Code of Ethics concerning personal securities transactions. Access Persons' personal securities transactions are separate and apart from Lido's trading on behalf of its clients. Access Persons' personal securities transactions are based on Access Persons' investment decisions, Lido's Code of Ethics, and corresponding policies and procedures designed to address and mitigate actual or potential conflicts of interests, including, but not limited to, pre-approval of certain personal securities transactions and quarterly and annual attestations by Access Persons of their securities holdings.

### **Item 12: Brokerage Practices**

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The following discussion summarizes the material aspects of Lido's practices for the recommendation of custodians and the selection of broker dealers to execute client transactions.

#### **A. Selection Criteria**

Lido does not maintain physical custody of clients' assets but is deemed to have custody of client assets when given the authority to debit fees from the client's account. Client assets must be maintained in an account at a "qualified custodian," generally a broker dealer or bank. The qualified custodians that Lido recommends that clients use are National Financial Services LLC ("NFC"), Fidelity Brokerage Services LLC ("FBS") ("NFC" and "FBS", collectively, "Fidelity"), Charles



Schwab & Co., Inc. (“Schwab”), TD Ameritrade, Inc. (“TD Ameritrade”), and APEX Clearing, all of which are FINRA registered broker dealers and members of Securities Investor Protection Corporation (SIPC). Lido is independently owned and operated and not affiliated with any of these broker dealers. These broker dealers will hold client assets in a brokerage account and buy and sell securities at Lido’s instruction. While Lido recommends that clients use one of these custodians, the client will decide whether to open an account with one of them by entering into an account agreement directly with the selected custodian. Lido may facilitate but does not directly open the custodian account for clients.

Lido will execute transactions for clients through their appointed custodian since these custodians generally do not charge custodian fees so long as transactions for clients are executed through them as broker dealer. Lido periodically evaluates the commissions charged and the services provided by the custodian and compare those with other broker dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians.

Other factors Lido considers when evaluating its choice of custodian include but are not limited to:

- Ability to trade mutual funds and other investments that Lido determines suitable for a client’s portfolio;
- Any custodial relationship between the client and the broker dealer;
- Quality of customer service and interaction with Lido;
- Discount transaction rates; and
- Reliability and financial stability.

For those clients who wish to direct brokerage and select broker dealers/custodians not recommended by Lido, clients should be aware that Lido does not negotiate specific brokerage commission rates with the broker on the client’s behalf or seek better execution services or prices from other broker dealers. As a result, the client could pay higher commissions or receive less favorable net prices on transactions for their account than might otherwise be the case, and Lido will have limited ability to ensure that the broker dealer selected by the client will provide best possible execution.

## **1. Fidelity Custodian Arrangement**

Lido has an arrangement with Fidelity that provides Lido with Fidelity’s “platform” services. The platform services include, among others, brokerage, custodial, administrative support, record keeping, and related services that are intended to support intermediaries like Lido in conducting business and in serving the best interests of their clients but that benefit Lido. Lido is not affiliated with Fidelity.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Lido to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity’s commission rates are generally considered discounted from customary retail commission rates. In certain circumstances, Fidelity does not charge commissions for trades. However, Fidelity’s commissions and transaction fees may be higher or lower than those charged by other custodians and broker dealers. As part of the arrangement, Fidelity also makes available to Lido, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Lido within specified parameters. Lido’s use of these research and brokerage services may or may not directly or indirectly benefit clients.

Lido also receives certain no-cost services that do not directly benefit clients. As a result, Lido has an incentive to continue to use or expand the use of Fidelity’s services, which creates a potential conflict of interest. Based on the foregoing and including, but not limited to, Fidelity’s higher level customer service to both the client and Lido, technology capabilities, access to fixed income markets, lower trading costs comparable to its industry peers (and equivalent to our other chosen preferred custodians, Lido reviewed and continues to review this potential conflict at the onset of its relationship with



Fidelity and has determined that the relationship consistent with its clients' best interest. A client may, however, pay a commission or transaction fee that is higher than another qualified broker dealer might charge for that same transaction. Lido has determined that the commission or transaction fee is reasonable in relation to the value of the brokerage and research services received.

## 2. Schwab Custodian Arrangement

The following highlights Lido's custodial relationship with Schwab:

- **Client Custody and Brokerage Costs:** For clients' accounts that Schwab maintains, Schwab is compensated by charging the client commissions or other fees on trades that it executes or that settle into the client's Schwab account. Schwab's commission rates applicable to client accounts were negotiated based on a commitment to maintain \$10 million of clients' assets at Schwab. This commitment benefits clients utilizing Schwab because the overall commission rates a client pays may be lower than they would be if Lido had not made the commitment. In certain circumstances, Schwab does not charge commissions for trades. In addition to commissions, Schwab charges custodial clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that Lido has had executed by a different broker dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the commissions or other compensation a client pays the executing broker dealer. Because of this, in order to minimize client trading costs, Lido has Schwab execute most trades for client accounts maintained at Schwab.
- **Products and Services Available to Lido from Schwab:** Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firm. They provide Lido and the clients custodied at Schwab with access to its institutional brokerage, trading, custody, reporting and related services many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help Lido manage or administer Schwab custodied clients, accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis and at no charge to Lido as long as Lido keeps a total of at least \$10 million of our clients' assets in accounts at Schwab.
- **Services that Benefit Lido's Client:** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which Lido might not otherwise have access or that would require a significantly higher minimum initial investment by clients. Schwab's services described in this paragraph generally benefit Lido Schwab custodied client accounts.
- **Services that Do Not Directly Benefit Lido's Client:** Schwab also makes available to Lido other products and services that benefit Lido but do not directly benefit Lido clients. These products and services assist Lido in managing and administering our clients' accounts maintained at Schwab. They include investment research, both Schwab's own and that of third parties. Lido can use this research to service all or a substantial number of our clients, accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that provide access to client account data (such as duplicate trade confirmations and account statements); facilitates trade execution and allocates aggregated trade orders for multiple client accounts; provides pricing and other market data; facilitates payment of our fees from our clients' accounts; and assists with back-office functions, record keeping and client reporting.
- **Services that Generally Benefit Only Lido:** Schwab also offers other services intended to help Lido manage and further develop our business enterprise. These services include educational conferences and events; technology, compliance, legal, and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants and insurance providers. Schwab's provision of these services increases Lido's profitability as Lido would typically pay for these services from its operating revenue.



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

Lido benefits from Schwab's services as those services are either little or no cost to Lido. Schwab provides these services at little or no cost as long as Lido maintains at least \$10 million in assets with Schwab. The \$10 million minimum gives Lido an incentive to recommend that a client maintain their account with Schwab. This is a potential conflict of interest. Based on the foregoing and including, but not limited to, Schwab's higher level customer service to both the client and Lido, lower trading costs comparable to its industry peers and equivalent to our other chosen preferred custodians, Lido believes that our selection of Schwab as a recommended custodian and broker is consistent with the best interests of our clients even in light of the low or no cost services offered by other custodians.

### **3. TD Ameritrade Inc.**

Lido has a custodial relationship with TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC- registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance, and settlement of transactions.

### **4. Apex Clearing Corporation Custodian Arrangement**

Lido has an arrangement with Apex Clearing Corporation ("Apex") that provides Lido with Apex's brokerage and custodial services for primarily Lido Private Funds. Apex's services may also include administrative support, record keeping, and related services that are intended to support these funds. Apex may charge Lido brokerage commissions and other fees for effecting certain securities transactions. Lido is not affiliated with Apex.

### **5. U.S. Bank and Interactive Brokers**

Lido has an arrangement with U.S. Bank, which acts as OASDX's primary custodian, and Interactive Brokers, to effectuate purchases of U.S. Treasury securities and option trades, respectively. U.S. Bank and Interactive Brokers are not affiliated with each other and are independently and separately registered with FINRA as broker dealers. Both charge brokerage commissions and other fees to Lido (and OASDX) and may also provide services that may also include administrative support, record keeping, and related services that are intended to support OASDX.

### **6. Additional Trading Practices**

In certain circumstances, Lido will "trade away" from its primary custodial relationships to achieve better pricing on behalf of its clients, among other things. In engaging a broader market for the buying and selling of securities, Lido may or may not achieve better pricing or execution. Lido utilizes its judgment, within reason, to identify circumstances when trading away is more beneficial to its clients. There, however, may be circumstances where Lido fails to achieve these objectives by trading away, resulting in higher costs to the client. Lido seeks to mitigate this possibility by analyzing comparable pricing and best execution by its custodians on a per-trade and annual basis.

## **B. Best Execution**

Except as otherwise provided in the client's investment advisory agreement, Lido has full discretion to place buy and sell orders with or through such brokers or dealers as it deems appropriate. Lido's general policy is to place client trades with



Fidelity, Schwab, TD Ameritrade, or Apex, and Lido will continue to do so as long as Lido believes that the custodian is providing the best overall value for its clients and they remain competitive in relation to executions and the cost of each transaction (“best execution”).

Although Lido will seek, within reason, to achieve the best execution possible for client securities transactions, this does not require Lido to solicit competitive bids and Lido does not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker dealer’s services, including among other things, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Lido will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. Lido is not required to negotiate “execution only” commission rates; thus, the client may be deemed to be paying for research and related services (i.e., “soft dollars”) provided by the broker which are included in the commission rate.

To ensure that brokerage firms recommended by Lido are conducting overall best qualitative execution, Lido will periodically (and no less often than annually) evaluate its trading process and broker/custodian selections. Lido’s evaluation will consider the full range of brokerage services offered by the brokers, which may include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

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

Lido selects a broker dealer in recognition of the value of various services or products, beyond transaction execution, that such broker dealer provides where, considering all relevant factors, it believes the broker dealer can provide best execution. Selecting a broker dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.” The amount of compensation paid to such broker dealer (which may include disclosed markups and markdowns on riskless principal transactions with market-makers if Lido were to conduct such transactions) may be higher than what another, equally capable broker dealer might charge. Lido has from time to time and on a non-routine basis received soft dollars. The following discussion is intended to provide clients with certain important information regarding these practices, including the potential conflicts of interest that arise under soft dollar arrangements.

The receipt of these services benefit Lido, because Lido does not have to produce or pay for the research or other products or services when it obtains such products and services by using client commissions. Although customary, these arrangements present potential conflicts of interest in allocating securities transactional business to broker dealers in exchange for soft dollar benefits, including an incentive to select or recommend a broker dealer based on Lido’s interest in receiving the research or other products or services, rather than on clients’ interests in receiving most favorable execution. Additionally, Lido may have an incentive to affect more transactions than might otherwise be the case in order to obtain those benefits. The agreements between Lido and its clients generally authorize Lido to use client soft dollars for a wide range of purposes. The extent of any such potential conflict depends in large part on the nature and uses of the services and products acquired with soft dollars.

Section 28(e) of the Securities Exchange Act of 1934 recognizes the potential conflicts of interest involved in this activity, but generally allows investment advisers to use client commissions to pay for certain research and brokerage products and services under certain circumstances without breaching their fiduciary duties to clients. For these purposes, “research” means services or products used to provide lawful and appropriate assistance to Lido in making investment



decisions for its clients. “Brokerage” services and products are those used to effect securities transactions for Lido’s clients or to assist in effecting those transactions.

Consistent with obtaining best execution, brokerage transactions have been in the past, and can be in the future, directed to certain broker dealers in return for investment research and brokerage products and services which assist Lido in its investment decision-making process. Lido can cause clients to pay commissions that are higher than those that another qualified broker dealer might charge to affect the same transaction where Lido determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. Research and other products and services purchased with soft dollars will generally be used to service all of Lido’s clients, but brokerage commissions paid by one client can be used to pay for research that is not used in managing that client’s portfolio, as permitted by Section 28(e). In other words, there can be certain client accounts that benefit from the research services, which did not make the payment of commissions to the broker dealer providing the services.

Brokerage services obtained with soft dollars can include, for example, quotation and communication equipment and services, other order management systems that provide trading software or provide connectivity to such software, trade analysis software, on-line pricing services, communication services relating to execution, clearing and settlement and message services used to transmit orders.

Research and related services furnished by brokers can include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; recommendations as to specific securities; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; and discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. Research received by Lido under such soft dollar arrangements can include both proprietary research (created or developed by the broker dealer) and research created or developed by a third party.

As stated above, Lido recommends that clients establish brokerage accounts with Fidelity, Schwab, or TD Ameritrade to maintain custody of clients’ assets and to effect trades for their accounts. Fidelity, Schwab, and TD Ameritrade are SEC-registered broker dealers and members of FINRA/SIPC. While there is no direct link between the investment advice given to clients and Lido’s recommendation to use the custodial or brokerage services of these custodians, certain benefits are received by Lido due to this arrangement.

## **2. Directed Brokerage**

If requested by a client, Lido may accept written direction from a client regarding the use of a particular broker dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker dealer, and Lido will not seek better execution services or prices from other broker dealers or be able to “batch” client transactions for execution through other broker dealers with orders for other accounts managed by Lido (as described below). Lido will have limited ability to ensure the broker dealer selected by the client will provide best possible execution. As a result, the client could pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Lido may decline a client’s request to direct brokerage if, in Lido’s sole discretion, these directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker dealers.





## **C. Trade Aggregation and Allocation**

Transactions for each client will be initiated independently unless Lido decides to purchase or sell the same securities for several clients at approximately the same time. Lido performs investment management services for various clients, some of which may have similar investment objectives. Lido may aggregate sale and purchase orders with other clients, including proprietary (employee) accounts that have similar orders being made at the same time, if in Lido's judgment such aggregation is reasonably likely to result in an overall economic benefit to the affected accounts. These benefits can include better transaction prices and lower trade execution costs. Lido can (but is not obligated to) combine or "block" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Lido's clients any differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. If all aggregate orders do not fill at the same price, transactions will generally be averaged as to price and allocated among participating accounts pro rata to the purchase and sale orders placed for each participating account on any given day. If these orders cannot be fully executed under prevailing market conditions, Lido will allocate the securities traded among participating accounts and each similar order in a manner which it considers equitable, taking into consideration, among other things, the size of the orders placed, the relative cash positions of each account, clients' investment objectives, and liquidity of the security.

Currently, Lido advises one mutual fund, OASDX. If Lido launched additional Liquid Alternatives, Lido would aggregate and allocate transactions accordingly.

## **D. Alternative Investment Allocation**

Lido recommends investments in Alternative Investments, including private funds, to certain clients. Generally, these investments are available only to a limited number of sophisticated investors who meet the definitions of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act") and "qualified client" or "qualified purchaser" under the Investment Advisers Act of 1940. Additionally, private funds are considered "limited offerings" since they only accept a limited amount of funds for investment.

When determining which clients should receive a recommendation to invest in a private fund, Lido considers a number of factors, including but not limited to, a client's sophistication, risk tolerances and qualifications, investment objectives, and the amount of available assets. Lido's goal is to allocate in a fair and balanced manner; however, given these differing factors, the allocation of investment opportunities in private funds to clients is mainly subjective and not all qualifying clients will be provided an investment opportunity. Additionally, there are times when Lido Associated Persons invest in certain private funds that are recommended to clients. When this occurs, a potential conflict exists and to address the potential conflict Associated Persons are required to receive prior written approval by the CCO.

Qualifying clients receiving a recommendation to invest in a private fund must read the offering or private placement memorandum prior to investing to fully understand the risks and potential conflicts pertaining to the private fund investment.

## **E. Brokerage for Client Referrals**

In selecting or recommending broker dealers, Lido receives client referrals from a broker dealer, which creates a potential conflict of interest. This is because Lido has an incentive to select or recommend a broker dealer based on its interest in receiving client referrals rather than on the client's interest in receiving most favorable execution.

To mitigate this potential conflict, Lido reviews and monitors execution and services provided to all clients to help ensure that the client's accounts are managed as effectively as possible and are receiving best execution.





## Item 13: Review of Accounts

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### A. Periodic Reviews

Lido's Chief Investment Officer oversees Lido's Investment Committee, which comprises members of Lido senior management provides additional oversight over these strategies. Lido reviews client assets and risk profiles on a periodic basis; IARs review client assets not less than annually. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made.

Financial plans are reviewed only upon request unless Lido is retained to update the plan on a recurring basis.

### B. Other Reviews and Triggering Factors

In addition to the periodic reviews described above, reviews also are triggered by changes in an account holder's personal, tax, or financial status. Other events that can trigger a review of an account are material changes in market conditions as well as macroeconomic and company- specific events. Clients are encouraged to notify Lido and its advisory representatives of any changes in the client's personal financial situation that might affect the client's investment needs, objectives, or time horizon.

### C. Regular Reports

Custodian account statements are generated no less than quarterly and are sent directly from the account custodian. The account statement lists the account positions, activity in the account over the covered period, and other related information, including all additions and withdraws from the account. Clients also receive confirmations following each account transaction unless confirmations have been waived. These reports are provided in written form.

In addition to the regular statements clients receive from their custodian, Lido provides detailed reports concerning relevant account or market-related information. Lido client reports generally consist of: (1) a list of client assets by class that includes the purchase date, name of security, number of shares, purchase price per share, current price per share, current market value and unrealized gain/loss; (2) the account performance; and (3) the total market value of the account(s). If a client has more than one account, the accounts are consolidated into one report. Lido reports are provided on at least an annual basis.

Clients are urged to compare the statements received from Lido to those received from the account custodian.

For clients in private funds, those assets may not appear on their custodian statement (depending on the custodian), but they are included in account reports and statements provided by Lido. Lido's policy for valuing these types of securities is to rely upon the valuations provided by the operator/issuer of the holding. However, there can be times when Lido does not receive an updated valuation prior to Lido sending account statements to clients. When this happens, Lido will report the last known valuation received by the issuer, or depending on circumstances, will provide a fair valuation estimate based on a good faith valuation determined by either Lido, the applicable issuer, or third-party firms. These fair valuations are unaudited and actual values can be higher or lower than the amount reported.



## Item 14: Client Referrals and Other Compensation

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### A. Economic Benefits Received

Lido enters into soft dollar arrangements whereby brokerage transactions are directed to certain broker dealers in return for investment research products or services which assist Lido in its investment decision-making process. The receipt of these services is deemed to be the receipt of an economic benefit by Lido, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to broker dealers based on the receipt of these benefits rather than on a client's interest in receiving most favorable execution.

Additionally, Lido generally recommends that clients use Fidelity, Schwab, or TD Ameritrade as their custodian and broker of record and certain benefits are received by Lido due to these arrangements. Fidelity, Schwab, and TD Ameritrade make available to Lido other products and services that benefit Lido but do not benefit its clients' accounts. Some of these other products and services assist Lido in managing and administering clients' accounts. While as a fiduciary, Lido endeavors to act in its clients' best interests, Lido has an incentive to recommend that clients maintain their assets in accounts at Fidelity, Schwab, or TD Ameritrade due to the benefit to Lido and the availability of some of the products and services provided, which create a potential conflict of interest. In order to remediate this potential conflict, Lido conducts best execution analyses on at least an annual basis to determine, among other things, pricing and execution consistency for its clients. Further, Lido has and continues to explore additional custodial platforms in order to decrease any actual or perceived reliance on one custodian.

### B. Compensation for Client Referrals

Lido has entered into agreements with individuals and organizations, as required under Rule 206(4)-1 of the Advisers Act, that refer clients to Lido.

Where required, these agreements are in writing in accordance with the requirements under Rule 206(4)-1 of the Advisers Act. If a promoter introduces a client to Lido, Lido pays that promoter a fee in accordance with the requirements of Rule 206(4)-1 of the Advisers Act and any corresponding state securities law requirements. While the specific terms of each agreement may differ, generally, the compensation will be based upon Lido's engagement of new clients and the retention of those clients and is calculated using a varying percentage of the fees paid to Lido by those clients. Lido may also pay compensation to its employees for their referrals of Lido clients, which is disclosed to the referred Lido client. Any fee is paid solely from Lido's Asset Management fee. In accordance with Rule 206(4)-1 of the Advisers Act, promoters introducing a prospective client to Lido (unless specifically exempted in Rule 206(4)-1) are required to prominently disclose the nature of the relationship between such promoter and Lido, whether the promoter is a client or investor of Lido, details on the compensation paid for the promoter activities, and any material conflicts of interest on part of the promoter, among other details.

#### 1. Fidelity Custodian Arrangement

Lido participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which Lido receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. Lido is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control Lido, and FPWA has no responsibility or oversight for Lido's provision of investment management or other advisory services.



Under the WAS Program, FPWA acts as a solicitor for Lido, and Lido pays referral fees to FPWA for each referral received based on Lido's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to Lido does not constitute a recommendation or endorsement by FPWA of Lido's particular investment management services or strategies. More specifically, Lido pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, Lido has agreed to pay FPWA an annual program fee of \$50,000 to participate in the WAS Program.

**These referral fees are paid by Lido and not the client.**

To receive referrals from the WAS Program, Lido must meet certain minimum participation criteria, but Lido may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, Lido will have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Lido may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Lido as part of the WAS Program. Under an agreement with FPWA, Lido has agreed that Lido will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, Lido has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when Lido's fiduciary duties would so require, and Lido has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, Lido may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit Lido's duty to select brokers on the basis of best execution.

## **2. Charles Schwab Custodian Arrangement**

Lido receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Lido's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Lido. Schwab does not supervise Lido and has no responsibility for Lido's management of clients' portfolios or Advisor's other advice or services. Lido pays Schwab fees to receive client referrals through the Service. Lido's participation in the Service raises potential conflicts of interest described below.

Lido pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a separate one-time Transfer Fee on all accounts that are transferred to another custodian. The Transfer Fee creates a conflict of interest that encourages Lido to recommend that client accounts be held in custody at Schwab. The Participation Fee paid by Lido is a percentage of the value of the assets in the client's account. Lido pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee and any Transfer fee is paid by Lido and not by the client. Lido has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Lido charges clients with similar portfolios who were not referred through the Service.

The Participation and Transfer Fees are based on assets in accounts of Lido's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Lido will have incentives to recommend that client accounts and household members of clients referred through the Service maintain custody of their accounts at Schwab.



## C. Other Compensation

Certain Lido IARs have outside business activities with affiliated and unaffiliated registered investment advisers and other firms. Consequently, these activities create potential conflicts of interest.

### Item 15: Custody

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Pursuant to Rule 206(4)-2 of the Advisers Act, Lido is deemed to have custody of client funds, with details outlined in Item 9 of Form ADV Part 1. To mitigate any potential conflicts of interests, Lido will, when possible, maintain client assets with an independent qualified custodian. In certain instances, client assets, such as certain private funds, cannot be held at such custodians. In these circumstances, Lido will identify additional necessary procedures, such as annual surprise examinations or designation of non-discretionary authority over those assets, consistent with its obligations under the Rule 206(4)2.

There are specific situations where Lido may be deemed to have custody of client assets, such as by virtue of its affiliation with Enterprise Trust & Investment Company, and in cases where certain representatives of Lido act as trustees of client accounts in their personal capacity. In these cases, Lido engages an independent accounting firm to perform appropriate procedures consistent with Lido's regulatory obligations.

Generally, Lido recommends Fidelity, Schwab, TD Ameritrade, or Apex for custodial services, but from time to time, other custodians may be accepted by Lido for custody of client assets. In the case of asset management services utilizing a TPAM, the TPAM may select the custodian.

Notably, in most cases a client's broker dealer also acts as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets held at a broker dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

Lido will only implement its investment management recommendations after the client has arranged for and furnished Lido with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the statements provided by Lido. Lido's statements vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Lido is deemed to have "custody", within the meaning of Rule 206(4)-2 under the Advisers Act, of pooled investment vehicles that it advises. To comply with this rule, Lido provides each investor in such a pooled investment vehicle with audited financial statements within 120 days (or within the required timeframe) following the vehicle's fiscal year end.



## Item 16: Investment Discretion

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### A. Discretionary Authority; Limitations

Lido performs services generally on a discretionary basis, unless otherwise agreed upon at the inception of the client relationship and memorialized in the Agreement or otherwise subsequently instructed by the client in writing. In exercising its discretionary authority, Lido has the ability to determine the type and quantity of securities to be transacted and whether a client's purchase or sale should be combined (aggregated) with those of other clients and traded as a "block". This discretion is to be exercised in a manner consistent with each client's investment objectives, risk tolerance, and time horizon. In addition, Lido's authority to trade securities can be limited in certain circumstances by applicable legal and regulatory requirements, as well as Lido's compliance policies and procedures. Clients are permitted to impose reasonable limitations on Lido's discretionary authority, including restrictions on investing in certain securities or types of securities. All limitations, restrictions, and investment guidelines must be provided to Lido in writing.

### B. Limited Power of Attorney

Clients authorize Lido to exercise full discretionary authority with respect to all investment transactions in their designated accounts upon execution of the Agreement. Among other things, the Agreement designates Lido as the client's attorney-in-fact with discretionary authority to conduct investment transactions, including, but not limited to, instructing third parties in furtherance of such authority. Should a client desire to limit Lido's authority, either by designating the account as non-discretionary or other specific limitations, the client must do so in writing.

## Item 17: Voting Client Securities

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With the exception of OASDX, Lido's policy and practice is to not vote proxies on behalf of its clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account. Lido may vote proxies for certain former CFM clients under limited circumstances and duration following Lido's acquisition of CFM. Given that Lido may vote proxies for certain clients and not others, this may, under certain circumstances, result in actual conflicts of interest. These conflicts are remediated, in part, as a significant proportion of OASDX's holdings do not generally serve proxies, OASDX has a defined proxy voting policy, and CFM employs, for those select clients, an independent company that recommends proxy voting. For a copy of Lido's proxy voting policy, please contact Lido directly at [compliance@lidoadvisors.com](mailto:compliance@lidoadvisors.com).

Consequently, the client retains the responsibility for receiving and voting all proxies for securities held within the client's account. Lido shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client unless the account is an ERISA account, and such authority has not been delegated to another named fiduciary in the plan's written documents. Furthermore, in the case of ERISA clients, while Lido generally does not vote proxies for ERISA client accounts, should proxy materials be forwarded on to Lido at the request of the plan sponsor, Lido will strive to vote the proxy in the best interest of the client. A copy of Lido's proxy voting record and policies are available upon written request by the plan sponsor.

Lido typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

### PROPOSALS SPECIFIC TO MUTUAL FUNDS



Lido invests a majority of OASDX's assets in securities that do not generally serve proxies under the reliance of Section 12(d)(1)(F) of the Investment Company Act of 1940, as amended (the "1940 Act"). In accordance with Section 12(d)(1)(F) of the 1940 Act and as outlined in OASDX's Statement of Additional Information, for any proxy vote with respect to shares of another investment company purchased and held by OASDX under Section 12(d)(1)(F), OASDX will vote such shares in the same proportion as the vote of all other holders of such securities.

### **SPECIAL PROXY SITUATIONS**

Lido expects to choose not to vote proxies in certain situations, such as where Lido deems the cost of voting would exceed any anticipated benefit to OASDX, or where a proxy is received for a security no longer held due to its sale in OASDX's portfolio.

## **Item 18: Financial Information**

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Lido does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Lido does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.