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## **Part 2A Brochure**

**January 25, 2024**

This brochure provides information about the qualifications and business practices of Illumine Investment Management ("Illumine"). If you have any questions about the contents of this brochure, please contact us at (424) 322-7500 or email [info@illumineinvest.com](mailto:info@illumineinvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Illumine is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Illumine Investment Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for Illumine Investment Management is 311661.

## ITEM 2 – MATERIAL CHANGES

### SUMMARY OF MATERIAL CHANGES

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Since our last Annual Amendment filing on January 25, 2023, the following material changes occurred:

**Item 17** has been updated to reflect the firm does not accept authority to vote proxies with respect to securities owned by clients.

Currently, a free copy of our Brochure may be requested by contacting Amy K. Holloway, Chief Compliance Officer of Illumine Investment Management, LLC (“Illumine”) at 1 (424) 322-7500 or email [info@illumineinvest.com](mailto:info@illumineinvest.com). The Brochure is also available on our web site [www.illumineinvest.com](http://www.illumineinvest.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by Illumine Investment Management, LLC (“Illumine” or “Firm”) about the investment advisory services we provide and the way those services are made available to you, the client.

We are an investment management firm located in Bainbridge Island, WA. Illumine was established in 2016 and the Firm was registered with SEC in 2021. Illumine is owned by Mark E. McComsey and Ivan Jevremovic.

Our Firm provides personalized investment advisory services for individuals, high net worth individuals, trusts, and estates. We are committed to helping clients build, manage, and preserve their wealth, and provide clarity and direction to help clients achieve their stated financial goals. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and Illumine execute a signed Investment Management Agreement.

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### INVESTMENT AND WEALTH MANAGEMENT AND SUPERVISION SERVICES

We manage advisory accounts on a discretionary basis and non-discretionary basis. Advice is provided through consultation with you, the client, and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

During personal discussions with clients, we determine your investment objectives, time horizons, risk tolerance, and liquidity needs during our initial discussions. As appropriate, we also review your prior investment history, family composition, and background. Based on your needs, we develop a personal profile, determine the types of investments to be included in your portfolio. Once we have determined your profile and investment plan, we will execute the day-to-day transactions without seeking your prior consent. We will use your customized investment plan to provide ongoing investment management services. Account supervision is guided and reviewed by the Portfolio Manager and reviewed on at least an annual basis.

We will make changes to the portfolio, as we deem appropriate, to meet client financial objectives. We trade these portfolios based on the combination of our market views and client objectives, using our investment process. We tailor our advisory services to meet our clients' needs and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. Clients have the ability to leave standing instructions with us to refrain from investing in particular sectors or industries or invest in limited or no amounts of specified securities.

Clients may engage us to manage and/or advise on certain investment products that are not maintained at their primary Custodian, such as 529 Plans and Private Placements, and assets held in employer-sponsored retirement plans. In these situations, our Firm directs or recommends allocating client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the Custodian designated by the product's provider.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

If a non-discretionary relationship is in place, calls will be placed to the client presenting the recommendation made including a rebalancing recommendation and only upon your authorization will any action be taken on your behalf.

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## **FINANCIAL PLANNING**

Through the financial planning process, our team strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, our team will offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer, and family legacy objectives. Our team partners with our client's other advisors (CPAs, Enrolled Agents, Estate Attorneys, Insurance Brokers, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets, and periodic updates.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management, and estate planning
- Creation of a unique plan for each goal you have, including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession, and other personal goals
- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, asset allocation, expenses, risk, and liquidity factors for each goal. This includes IRA and qualified plans, taxable, and trust accounts that require special attention
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation, and transfer, including liquidity as well as various insurance and possible company benefits; and
- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death

A written evaluation of each client's initial situation or Financial Plan is provided to you. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

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## **SUB-ADVISORY SERVICES PROVIDED TO INDEPENDENT REGISTERED INVESTMENT ADVISERS**

Our Firm enters into a relationship with unaffiliated registered investment advisers (hereafter referred to as "Independent RIA") to offer sub-advisory services whereby our Firm manages some or all of these Independent RIA's client ("Adviser Client") assets according to the investment strategy chosen by the Independent RIA. In these situations, the Adviser Client remains a client of the Independent RIA. The decision as to what investment strategy(s) Adviser Client assets are invested in is based on suitability information gathered and reviewed by the Independent RIA. Our Firm will manage these assets based on its investment strategies and not based on overall Adviser Client suitability.

Through the Independent RIA's Agreement and authorization by the Independent RIA's client, our Firm will be given access to the Adviser Client accounts the Independent RIAs would like our Firm to manage. We will facilitate all the trading and rebalancing through the Custodian platform in which our Firm is approved to act as a sub-advisor to the Adviser Client account. We will determine when existing positions will be liquidated to facilitate investing in our models. Our Firm will not tailor our models to accommodate for any limitations or restrictions in the Adviser Client portfolios however on a case-by-case basis accommodations may be made for legacy positions as outlined and confirmed in writing to our Firm. We will not have direct

contact with individual Adviser Client, only communication with and direction by the Independent RIA. Our Firm will provide an online portal for both Adviser Clients and Independent RIAs through an arrangement with an unaffiliated third-party accounting software. This portal will give access to reporting that details current positions and balances, asset allocation, transaction history and performance.

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**DISCLOSURE REGARDING ROLLOVER RECOMMENDATIONS**

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. All rollover recommendations are also reviewed by our Firm's Chief Compliance Officer in a best effort to determine that the recommendation to a client was reasonable or that the client has determined to make the rollover after being provided ample information about their options. No client is under any obligation to roll over plan assets to an IRA advised by our Firm or to engage our Firm to monitor and/or advise on the account while maintained with the client's employer. Our Firm's Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding this disclosure.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

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**WRAP FEE PROGRAM**

We do not sponsor a Wrap Fee Program.

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**ASSETS**

As of December 31, 2023, total discretionary assets under management are \$188,724,469. Non-discretionary assets under management are \$0.

## ITEM 5 – FEES AND COMPENSATION

### INVESTMENT MANAGEMENT FEES AND COMPENSATION

Illumine charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade entry, investment supervision, and other account-maintenance activities. Our recommended Custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. Refer to Additional Fees and Expenses section below for additional details.

The fees for portfolio management are based on an annual percentage of assets under management. Fees are applied to the account asset value on a pro-rata basis and billed quarterly in advance. Our maximum annual advisory fee for accounts paying a percentage of assets under management is 1.95% and the specific advisory fees are set forth in your Investment Advisory Agreement with our Firm. The advisory fee will be based upon the market value of the portfolio on the close of the last business day of the quarter, as reported by the Custodian. Unless otherwise agreed upon and stated in the Investment Management Agreement, fees are assessed on all assets under management, including securities, cash and money market balances. Margin balances are excluded for billing purposes. When applicable and noted in the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services.

Unless otherwise instructed by the client, we will aggregate asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We would do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could cause your account(s) to be assessed a lower advisory fee.

The Independent qualified Custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified Custodian. Further, the qualified Custodian agrees to deliver an account statement monthly directly to you indicating all the amounts deducted from the account including our advisory fees. At our discretion, our firm will allow advisory fees to be paid by check as indicated in the Investment Advisory Agreement. You are encouraged to review your custodial account statements for accuracy.

Either Illumine or you may terminate the management agreement immediately upon written notice to the other party. If you paid fees in advance and termination occurs during the quarter, the prorated portion of the fee not yet earned will be refunded to you. Illumine will calculate the amount of the unearned management fee pro-rated to the date of termination for the quarter in which the cancellation notice was given. Illumine will instruct the Custodian to refund the amount of the unearned fee and Illumine will provide the client with a report detailing the prorated charges. If the Custodian is unable to credit the account, Illumine will send the refund in the amount of the unearned fee directly to the client's address on file.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, Illumine will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

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**FINANCIAL PLANNING FEES**

Financial planning services are included in the Investment Management fees described above.

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**FEES FOR SUB-ADVISORY SERVICES PROVIDED TO INDEPENDENT RIA'S**

Our Firm bills an annual asset management fee for sub-advisory services provided to Independent RIAs. The asset management fee is billed in advance and on a quarterly basis. The advisory fee will be based upon the market value of the portfolio on the close of the last business day of the quarter, as reported by the Custodian. Our asset management fees for sub-advisory services will not exceed 1.95%.

The relevant fee and billing method are defined and agreed to by the Firm and the Independent RIA in the executed Asset Management Agreement. This management fee will be debited directly from the Adviser Client's investment account. Additional fees and expenses the Adviser Client may incur are brokerage commissions, principal markups and discounts, SEC fees, mutual fund/ETF expense ratios, mutual fund 12B-1 fees, tax withholding on certain foreign securities, postage fees, wire fees, bank charges, and other administration fees as authorized by you. Please refer to Section 12 for information on brokerage fees and services.

Either party may terminate the agreement for sub-advisory services upon written notice. If fees were paid in advance and termination occurs during the quarter, the prorated portion of the fee not yet earned will be refunded to the account.

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**ORION ADVISOR TECHNOLOGY, LLC PERFORMANCE REPORTING, LLC ADMINISTRATIVE SERVICES**

We have contracted with Orion Advisor Technology, LLC (referred to as "Orion") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion will have access to client accounts, but Orion will not serve as an investment advisor to our clients. Illumine and Orion are non-affiliated companies. Orion charges our firm an annual fee for each account administered by Orion. The annual fee is paid from the portion of the management fee retained by us.

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**ADDITIONAL FEES AND EXPENSES**

In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12, below.



When selecting investments for our clients' portfolios we might choose mutual funds on your account custodian's Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian's NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian's NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

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## **REGULATORY FEES**

To facilitate the execution of trades, regulatory Trading Activity Fees (TAF) are added to applicable sales transactions. The Securities and Exchange Commission (SEC) regulatory fee is assessed on client accounts for sell transactions, and a FINRA fee is assessed on client accounts for sell transactions, for certain covered securities. This fee is not charged by our Firm but is accessed and collected by the custodian. The Custodian that our Firm uses, is a FINRA member firm. These fees recover the costs incurred by the SEC and FINRA, for supervising and regulating the securities markets and securities professionals. The fee rates vary depending on the type of transaction and the size of that transaction. For more information on the SEC and FINRA fees, please visit their websites:

[www.sec.gov/fast-answers/answerssec31htm.html](http://www.sec.gov/fast-answers/answerssec31htm.html)

[www.finra.org/industry/trading-activity-fee](http://www.finra.org/industry/trading-activity-fee)

## **ITEM 6-- PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge performance-based fees nor engage side by side management.

## **ITEM 7-- TYPES OF CLIENTS**

We offer personalized, confidential financial planning and investment management for individuals, high net worth individuals, estates, trusts, Keogh and non-prototype corporation trusts. Our sub-advisory services are offered to Independent RIAs.

Our Firm maintains a \$250,000 minimum in aggregate investable assets to engage our advisory services.

In certain instances, at the discretion of our Firm, our minimum requirements may be waived.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Our Firm's investment philosophy is based on our investment team's over 20 years of quantitative research experience and 17 years of portfolio management. Our Firm has developed a disciplined approach to asset allocation and security selection that applies across all our strategies. Our responsive support team aims to maintain mutual trust and strong communication with our clients.

Our Firm manages client portfolios using 3<sup>rd</sup> party mutual funds, ETF's, and closed-end funds in an asset allocation strategy. Sleeves consist of core categories including Fixed Income, Alternatives, and International. Our Firm creates a customized asset allocation across traditional and alternative investment strategies tailored to the client's goals, risk tolerance, investment horizon, potential needs for liquidity and other factors. Within each core asset class, we employ a variety of strategies that form the "building blocks" for client portfolio construction. These strategies and their relative emphasis will change over time, depending upon market conditions and perceived opportunities. The strategies differ in structure (e.g., mutual funds, ETFs, closed-end funds, separately managed accounts).

#### **Earnings Revisions Growth Strategy (ERG)**

*Description:* We use proprietary multi-factor computer models to select US growth stocks that the models identify as having revenue and earnings growth potential with strong balance sheet factors. These computer models rank securities based on certain criteria, including, market cap, debt and valuation ratios, profitability, and earnings-related measures. This strategy seeks broad diversification with participation across market sectors.

#### **Small Cap Growth Strategy (SCG):**

*Description:* We use proprietary multi-factor computer models to select US growth small and mid-capitalization stocks that the models identify as having revenue and earnings growth potential with strong balance sheet factors. These computer models rank securities based on certain criteria, including debt and valuation ratios, profitability, and earnings-related measures. This strategy seeks broad diversification with participation across market sectors.

#### **Alternative Sleeve**

*Description:* Illumine believes that its clients may benefit from allocation to alternative investments as part of an overall allocation. Our Firm uses quantitative screening techniques and manager databases to invest in liquid investment approaches including mutual funds, closed-end funds and exchange traded funds that employ liquid alternative strategies. Approaches include mutual funds that utilize long- short credit, commodities and event driven hedged equity. ETF's can include fixed income, inverse ETF's and exposure in digital currency. We may actively trade or rebalance the mix of strategies to achieve capital appreciation and low correlation to traditional equity and fixed income investment classes.

#### **International Sleeve**

*Description:* This globally diversified balanced strategy can invest generally between 45% and 75% of its assets in equities and normally invests a majority portion of its assets outside the U.S., including in emerging market countries. Our Firm uses quantitative screening techniques and manager databases to invest in approaches in international and global mutual funds, closed- end funds and exchange traded funds with an objective to provide global growth and income and lower correlations compared to US equity indices. With regards to fixed income, we seek to construct a portfolio with less sensitivity to interest rate movements to US interest rates and the potential to capture positive returns across varying interest rate environments.

#### **Fixed Income Sleeve**

*Description:* The Fixed Income sleeve seeks total return by investing a diversified blend of fixed income exchange traded funds, closed-end funds and mutual funds. Our Firm uses quantitative screening techniques and manager databases to invest in approaches that include high yield bonds, investment-grade bonds, mortgage and asset-backed securities and convertibles. The strategies unconstrained approach

provides the flexibility to allocate across these fixed income sectors and seek the best ideas through bottom-up security selection globally. We seek to construct a portfolio with less sensitivity to interest rate movements and the potential to capture positive returns across varying interest rate environments.

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## **RISK OF LOSS**

A client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws and national and international political circumstances.

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Illumine will assist Clients in determining an appropriate strategy based on their tolerance for risk.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account(s). Illumine shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform our Firm of any changes in financial condition, goals or other factors that may affect this analysis.

Our methods rely on the assumption that the underlying companies within our security allocations are accurately reviewed by the rating agencies and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investors should be aware that accounts are subject to the following risks:

- **EQUITY SECURITIES:** For client portfolios, Illumine may take both long and short positions in issuers in the United States as well as foreign (non-United States) markets, including emerging markets. Client portfolios may also be invested in pooled investment vehicles, including registered investment companies, such as mutual funds and ETFs.
- **SMALL-CAPITALIZATION COMPANY RISK:** The securities of small-capitalization companies may be subject to more abrupt or erratic market movements and may have lower trading volumes or more erratic trading than securities of larger companies or the market averages in general. The earnings and prospects of these companies are generally more volatile than larger companies. Small-capitalization companies may experience higher failure rates than do larger companies. Stocks of such companies involve higher risks in some respects than do investments in stocks of larger companies.
- **EXCHANGE TRADED FUNDS RISK:** ETFs typically trade on securities exchanges and their shares may, at times, trade at a premium or discount to their net asset values. In addition, they may not replicate exactly the performance of the benchmark index it seeks to track for a number of reasons, including transaction costs incurred by the exchange traded fund, the temporary unavailability of certain index securities in the secondary market or discrepancies between the exchange traded fund and the index with respect to the weighting of securities or the number of securities held. Investing in exchange traded funds, which are investment companies, may involve duplication of

advisory fees and certain other expenses. Client portfolios may incur brokerage costs when purchasing and selling shares of Exchange Traded Funds.

- **FIXED INCOME SECURITIES RISK:** Fixed income securities are subject to the risk that securities could lose value because of interest rate changes. Fixed income securities with longer maturities are subject to greater price shifts as a result of interest rate changes than fixed income securities with shorter maturities. Fixed income securities are generally subject to credit risk (see paragraph directly below), which is the risk that an issuer will not make timely payments of principal and interest. Limited trading opportunities for certain fixed income securities may make it more difficult to sell or buy a security at a favorable price or time.
- **CREDIT RISK:** Failure of an issuer or guarantor of a fixed income security, or the counterparty to a derivative transaction, to make timely interest or principal payments or otherwise honor its obligations, could cause a portfolio to lose money. Similarly, a decline or perception of a decline in the credit quality of a bond can cause the bond's price to fall.
- **INTEREST RATE RISK:** Prices of bonds tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect bond prices.
- **HIGH YIELD RISK:** High yield bonds involve greater risks of default or downgrade and are more volatile than investment-grade securities. High yield bonds involve a greater risk of price declines than investment-grade securities due to actual or perceived changes in an issuer's creditworthiness. In addition, issuers of high yield bonds may be more susceptible than other issuers to economic downturns, which may result in a weakened capacity of the issuer to make principal or interest payments
- **LACK OF LIQUIDITY:** The Adviser monitors the liquidity of client assets in making decisions regarding the client investments. However, certain investments, including derivatives, may have to be held for a substantial period of time before they can be liquidated to the portfolio's greatest advantage or, in some cases, at all. Portfolios may also hold securities for which a market exists, but which generally have a relatively low trading volume. Portfolios may not be able to dispose of such securities at the most favorable price or time if there is limited demand when the Adviser wishes to sell them.
- **COUNTERPARTY CREDIT RISK:** Many purchases, sales, financing arrangements, and derivative transactions in which portfolios may engage involve instruments that are not traded on an exchange. Rather, these instruments are traded between counterparties based on contractual relationships. As a result, the portfolio would be subject to the risk that a counterparty will not perform its obligations under the related contract. The Adviser intends to use counterparties it believes to be creditworthy but there can be no assurance that a counterparty will not default and that a portfolio will not sustain a loss on a transaction as a result.
- **LEVERAGING RISK:** The use of leverage, such as entering margin borrowing, may magnify a portfolio's gains or losses. Because many derivatives have a leverage component, adverse changes in the value or level of the underlying instrument can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. Borrowings will usually be from broker-dealers and will typically be secured by a client's securities and other assets. Under certain circumstances, such as a broker-dealer may demand an increase in the collateral that secures portfolio obligations and if the portfolio were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the portfolio's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the borrowings

and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the portfolio's profitability.

- **MANAGEMENT AND STRATEGY RISK:** The ability of a portfolio to meet its investment objective is directly related to the Adviser's investment strategies for portfolios, and multi-strategy approach. The investment process used by Illumine or Managers could fail to achieve client investment objective and cause investments to lose value.
- **FOREIGN INVESTMENT RISK:** To the extent a portfolio has investment exposure to foreign markets, the portfolios performance will be influenced by political, social and economic factors affecting investments in such markets. Special risks associated with investments in foreign markets include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political instability and differing auditing and legal standards. Emerging markets tend to be more volatile than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries.
- **MARKET SECTOR RISK:** The Advisers investment strategy may result in significantly over or under exposure to certain industries or market sectors, which may cause a portfolio's performance to be more or less sensitive to developments affecting those industries or sectors.
- **NON-DIVERSIFICATION/CONCENTRATION:** The Adviser may invest client accounts primarily in the equity securities of a small number of issuers. Accordingly, a client's portfolio may be subject to more rapid change in value than would be the case if the Adviser elected not to concentrate on certain issuers or maintained a wider diversification among industries, geographic areas, types of securities and issuers.
- **TRADING DECISIONS BASED ON QUANTITATIVE TECHNIQUES:** Our trading decisions are based on quantitative research utilizing fundamental inputs and Illumine conducts proprietary research which builds on the base signals. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability.
- **MODEL DEGRADATION RISK:** Like any investment process, our quantitative models are dependent on a thesis of how the markets they trade function. If there is a structural shift in a market that invalidates our Firm's thesis or significantly changes the characteristics of the market, then the trading model will no longer be able to deliver a positive, exploitable edge. We have controls in place for discontinuing a model that is no longer viable, but there is still risk from loss of opportunity by not being able to trade the market, and loss of capital as the model transitions from viable to unviable.
- **CROWDING/CONVERGENCE:** There is competition among quantitatively focused managers, and our ability to deliver returns that have a low correlation with equity markets and other funds is dependent on its ability to employ models that are simultaneously profitable and differentiated from other managers. To the extent that our Firm is not able to develop sufficiently differentiated models, the client's investment objectives may not be met.
- **RISK OF PROGRAMMING AND MODELING ERROR:** Our quantitative research and modeling process is complex. Although our Firm seeks to hire skilled individuals and implement proper oversight, the complexity of the modeling creates an opportunity for error; one or more of such errors could adversely affect a client's portfolio and likely would not constitute a trade error under our Firm's Policies.

- CYBERSECURITY RISK:** In addition to the Material Investment Risks listed above, investing involves various operational and “cybersecurity” risks. These risks include both intentional and unintentional events at our firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm’s ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients’ information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.
- DIGITAL CURRENCY:** Our Firm’s use of digital currency in a client portfolio is limited only to publicly traded securities that passively or actively invest in digital currency assets. The shares of certain Products are also publicly quoted on OTC Markets and shares that have become unrestricted in accordance with the rules and regulations of the SEC may be bought and sold throughout the day through any brokerage account. Cryptocurrency (notably, bitcoin), often referred to as “virtual currency”, “digital currency,” or “digital assets,” operates as a decentralized, peer-to-peer financial exchange and value storage that is used like money. If deemed appropriate, Clients may have exposure to bitcoin, a cryptocurrency. Cryptocurrency operates without central authority or banks and is not backed by any government. Cryptocurrencies (i.e., bitcoin) may experience very high volatility. Cryptocurrency is also not legal tender. Federal, state, or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The SEC has issued a public report stating U.S. federal securities laws require treating some digital assets as securities. Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers, or malware. Due to its relatively recent launch, bitcoin has a limited trading history, making it difficult for investors to evaluate investments in this cryptocurrency. It is possible that another entity could manipulate the blockchain in a manner that is detrimental to the bitcoin network. Bitcoin transactions are irreversible such that an improper transfer can only be undone by the receiver of the bitcoin agreeing to return the bitcoin to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network’s long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies. Investments in the Products are speculative investments that involve high degrees of risk, including a partial or total loss of invested funds. The shares of each Product are intended to reflect the price of the digital asset(s) held by such Product (based on digital asset(s) per share), less such Product’s expenses and other liabilities. Because each Product does not currently operate a redemption program, there can be no assurance that the value of such Product’s shares will reflect the value of the assets held by such Product, less such Product’s expenses and other liabilities, and the shares of such Product, if traded on any secondary market, may trade at a substantial premium over, or a substantial

discount to, the value of the assets held by such Product, less such Product's expenses and other liabilities, and such Product may be unable to meet its investment objective.

## **ITEM 9 - DISCIPLINARY INFORMATION**

We do not have any legal, financial or other "disciplinary" item to report.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

We have no other financial industry activities and affiliations to report.

Our Firm does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

Neither our firm nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Our Firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives, and liquidity needs;
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Illumine, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm's ethical principles.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- A director, officer, or employee of Illumine shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of Illumine shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Illumine
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client's account
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices
- Any supervised employee not in observance of the above may be subject to termination

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: Amy K. Holloway, Chief Compliance Officer.

## **ITEM 12 - BROKERAGE PRACTICES**

We generally recommend that clients utilize the custody and brokerage services of Fidelity Institutional, Schwab Institutional (the "Custodians") for investment management accounts. Our Custodians are independent and unaffiliated FINRA-registered broker-dealers. We may recommend that you establish accounts with these custodians to maintain custody of your assets and to effect trades for your accounts. Some of the products, services and other benefits provided by our Custodians benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with one of these custodians may be based in part on benefits they provide us, and not solely on the nature, cost or quality of custody and execution services provided by the Custodian.

We are independently owned and operated and not affiliated with these custodians. They provide us with access to their institutional trading and custody services. These services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

In the event you request us to recommend a broker/dealer Custodian for execution and/or custodial services, we generally recommend your account to be maintained at one of these Custodians. We may



recommend that you establish accounts with the Custodians to maintain custody of your assets and to effect trades for your accounts. You have the right to not act upon any recommendations, and if you elect to act upon any recommendations, you have the right to not place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. The Custodian's execution quality may be different than other broker-dealers.

For our client accounts maintained in custody with a Custodian, the Custodian generally does not charge separately for custody but are compensated by account holders through 12b-1 fees and ticket charges.

The Custodians we utilize makes available to us other products and services that benefit us but may not benefit your accounts in every case. Some of these other products and services assist us in managing and administering your accounts. These include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your account, and assist with back-office functions, record-keeping and reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. The Custodians also make available to us other services intended to help us manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the Custodians may make available, arrange and/or pay for these services rendered to us by third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at our recommended Custodians may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodian, which may create a conflict of interest. Investment Advisory Representatives endeavor at all times to put the interest of our clients first as a part of their fiduciary duty.

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

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## **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day. We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

- Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;
- We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
- No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
- We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
- Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
- We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
- Individual advice and treatment will be accorded to each advisory client.

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#### **BROKERAGE FOR CLIENT REFERRALS**

Our Firm does not receive client referrals from any Custodian or third party in exchange for using that broker-dealer or third party.

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#### **TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

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**DIRECTED BROKERAGE**

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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**SOFT DOLLARS**

Our Firm's policy is to seek the best execution available with respect to each transaction. We regard best execution as not being limited to obtaining the lowest commissions, but rather seeking the most favorable terms for a transaction under the particular facts and circumstances associated with a particular trade and specific to an account.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis other than what is described above.

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**ITEM 13 - REVIEW OF ACCOUNTS**

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**ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES**

Our Investment Adviser Representatives will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance, and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax, or financial status. Geopolitical and macroeconomic events may also trigger reviews. You are urged to notify us of any changes in your personal circumstances.

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**STATEMENTS AND REPORTS**

Through an agreement with Orion Advisor Technology, LLC or another software product, Illumine will have the ability to provide clients with written performance and position summary reports upon request. Written reports may also be provided at every client meeting. Communication to clients will be done on an as needed basis with a minimum of 1 contact per calendar quarter.

The custodian for the individual client's account will also provide clients with an account statement at least quarterly. You are urged to compare the written reports and invoices provided by Illumine against the account statements you receive directly from your account custodian.

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**ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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Our Firm does not accept nor receive compensation for client referrals.

As referenced in Item 12 above, we may receive an indirect economic benefit from our Custodian without cost (and/or at a discount) and may receive support services and/or products from our Custodian.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing-expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar

expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

Our Firm may be asked to recommend a financial professional, such as an attorney, accountant, or mortgage broker. In such cases, our Firm does not receive any direct compensation in return for any referrals made to individuals or firms in our professional network. Clients must independently evaluate these firms or individuals before engaging in business with them and clients have the right to choose any financial professional to conduct business. Individuals and firms in our financial professional network may refer clients to our Firm. Again, our Firm does not pay any direct compensation in return for any referrals made to our Firm. Our Firm does recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

## **ITEM 15 – CUSTODY**

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

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### **DEDUCTION OF ADVISORY FEES**

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address, and the way the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from Illumine. When you have questions about your account statements, you should contact Illumine or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of advisory fees.

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### **STANDING LETTERS OF AUTHORIZATION ("SLOA")**

Our Firm is deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest in any of the accounts we are deemed to have custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s) are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. The client should carefully review those statements and are urged to compare the statements against reports received from us. When the client has questions about their account statements, the client should contact us, or the qualified custodian preparing the statement.

## ITEM 16 – INVESTMENT DISCRETION

For discretionary accounts, prior to engaging Illumine to provide investment advisory services, you will enter a written Agreement with us granting the Firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable Illumine, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by our Firm for you are:

- For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
- Any limitations on this discretionary authority shall be in writing as indicated on the investment advisory Agreement. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

## ITEM 17 – VOTING CLIENT SECURITIES

We do not accept authority to vote proxies with respect to securities owned by clients.

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### CLASS ACTION SUITS

A class action is a procedural device used in litigation to determine the rights of and remedies, if any, for large numbers of people whose cases involve common questions of law and/or fact. Class action suits frequently arise against companies that publicly issue securities, including securities recommended by investment advisors to clients. With respect to class action suits and claims, we will neither advise nor act on behalf of the client in legal proceedings. You, the Client (or your agent), will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in your account. We do not provide such services and are not obligated to forward copies of class action notices we may receive to you or your agents.

## ITEM 18 – FINANCIAL INFORMATION

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time