

**ITEM 1 – COVER PAGE**

Premium 72 Capital , LLC  
Brochure  
Form ADV Part 2A  
dba Premium 72 Capital



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This brochure provides information about the qualifications and business practices of The Firm , LLC, doing business as The Firm . If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (“CCO”) at 281.591.7777 or at [arturo@premium72.com](mailto:arturo@premium72.com). The information in this brochure has not been approved or verified by the SEC, nor FINRA nor any state securities authority.

Additional information about The Firm is available on BrokerCheck at <https://brokercheck.finra.org/>. You can search this site by name or by a unique identifier known as a CRD number. The Firm ’s CRD number with FINRA is **284519**.

The use of the terms “registered investment adviser” or “registered” by us does not imply by itself any level of skill or training. Each registered adviser must provide advisory clients with a brochure and brochure supplements with clearly written, meaningful, current disclosure in a standard format. Please consider the oral and written communications we provide to you, including this brochure, as you decide to hire us or manage your ongoing relationship with us.

Clients can request a copy of this brochure at any time without charge by sending a written request to our CCO at 121 N Post Oak Ln., 705, Houston, Texas 77024 or by email to [arturo@premium72.com](mailto:arturo@premium72.com)

## **ITEM 2 - MATERIAL CHANGES**

1. There are the following material change from March 31<sup>st</sup> , 2023 January 23, 2024.
2. The RIA lost one IAR with an AUM of approximately \$30 million dollars.
3. The AUM dropped to \$30M.
4. The RIA has no affiliations with any Broker Dealer
5. The RIA does not offer Insurance services anymore
6. The RIA does not offer Income Tax planning anymore
7. The RIA does not offer Estate Planning anymore
8. The RIA does not get compensated by Hourly charges nor fixed fees (other than subscription fees)
9. The RIA does not offer fixed fees, nor hourly fees, nor performance fees
10. The RIA does not offer Financial Planning anymore
11. The RIA does not quarterly billing
12. The RIA does not offer commodities trading anymore
13. The RIA's website and social media presence are currently down
14. The RIA's fax number has changed

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## **ITEM 4 – ADVISORY BUSINESS**

### ***1. Advisory Firm Description***

Premium 72 Capital, LLC, formerly known as OPC Advisors, LLC (referred to in this Brochure as “Premium 72 Capital”, the “Firm”, “we”, and “us”), is a Texas limited liability company that has been in business since 2016 with an office in Houston, Texas. On November 13, 2020, OPC Advisors, LLC, filed with the State of Texas to change its name from OPC Advisors, LLC to Premium 72 Capital, LLC.

On February 8, 2021, The Firm was registered with the Securities and Exchange Commission to expand the organization to serve prospective clients outside of Texas. However, as of January 1<sup>st</sup>, 2024, because of the drop in the amount of the Firm’s assets under management, The Firm no longer qualified to be registered with the SEC and currently, the Firm is in the process of obtaining state registration.

The Firm’s clients are served from its office located at 121 N Post Oak Lane, Suite 705, Houston, TX 77024 by IAR’s whom The Firm has hired.

The Firm is majority-owned by Arturo Nicolayevsky through a holding company called AynBet Investments, LLC; Eduardo Perez Alduncin is the only other owner of greater than 5% of The Firm. The existing investment advisory contracts between each client and the IAR’s prior firm is being assigned to The Firm without change to the terms of the contracts.

Currently, the Firm only offers portfolio management, which varies in strategy, as per the IAR’s providing client advice. Services, models, and strategies used by one IAR may be different than the strategies used by other IARs because The Firm permits flexibility and does not require or mandate a particular investment strategy be implemented by its IARs; however, all IARs are subject to The Firm supervision and compliance requirements.

### ***2. Types of Advisory Services***

The Firm provides both discretionary and non-discretionary portfolio management mostly to individuals and small business. (Throughout this Brochure, the various types of individuals and entities who we serve are referred to generally as “clients” or “you.”)

### ***3. Services Offered***

Currently, The Firm only offers portfolio management services for individuals and small businesses.

#### a. Tailored Advisory Services

The Firm offers both discretionary and non-discretionary investment advice, asset allocation, and related services to retail separate account clients and small businesses. The initial meeting (either in person or by telephone or video conference) is free of charge and is considered an exploratory interview to determine the extent to which financial strategy(ies) are most beneficial to you. The Firm does not take custody or hold client assets or funds. See *Item 15 – Custody*.

Clients deposit cash or other marketable securities in the account to be managed and The Firm and its IAR will perform an analysis of securities to be kept or sold. Client assets are then invested, usually on a discretionary basis, in domestic and international stocks, bonds, mutual funds, exchange-traded funds ("ETFs").

Our services are provided based on the individual needs of each client and involve providing clients with continuous and on-going management of client accounts. This means that The Firm will continuously monitor a client's account, and make trades in client accounts when necessary, following the client's investment objectives.

We accommodate your desire to impose restrictions on investing in certain securities or types of securities based on your values or beliefs. We require written notice of the restriction(s) to ensure that these instructions can be accommodated; please note that restrictions on investments in certain securities or types of securities are not accepted due to the level of difficulty that would be entailed in managing the account.

IARs will communicate with you periodically to review your portfolio and to establish or remind you of specific, agreed-upon courses of action. More frequent reviews often are done but are generally not communicated to you unless immediate changes are recommended. See *Item 13 – Review of Accounts*. Lawyers, accountants, insurance agents, and other professionals are engaged directly by the client on an as-needed basis. The client authorizes The Firm to share information with lawyers, accountants, insurance agents, and other professionals. Conflicts of interest will be disclosed to you whenever they occur.

#### 4. Wrap Programs

A wrap fee program is an investment program in which the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. The Firm **does not** manage or participate in any wrap fee programs.

## 5. *Assets Under Management*

As of January 23, 2024, The Firm has approximately \$ 10,000,000 in assets under management, on a discretionary basis.

### **ITEM 5 – FEES AND COMPENSATION**

The Firm will charge a negotiated fee based on a percentage of client's assets under management. **All fees under The Firm's control are negotiable**, depending on factors such as the historical relationship with the client, type of assets, anticipated future earning capacity or other circumstances of the client, anticipated future assets, the scope of services provided, size of account(s), service levels, your negotiations, or reporting and other arrangements as agreed with specific clients.

**You, therefore, are likely to pay more or less than the fees shown in our standard fee schedules, and more or less than similarly situated clients. See "Fee Dispersion" later in this section.**

#### ***1. Asset Management Service Fees***

The Firm will charge an annual fee based upon a percentage of the market value of the assets being managed. Our fee for asset management services is outlined in the following tiered fee schedule. **As noted above, our fees are negotiable. In all cases, the final mutually agreed upon asset advisory fees will be included as part of The Firm's written investment advisory agreement signed by the client and the Firm:**

##### The Firm's Fee Schedule

<b>Market Value of Assets</b>	<b>Maximum Annual Advisory Fee</b>
• Up to \$500,000	2.99%
• \$500,001 to \$1,000,000	2.50%
• \$1,000,001 to \$1,500,000	2.00%
• \$1,500,001 to \$2,500,000	1.50%
• Greater than \$2,500,000	Negotiated

Again, since our fees are negotiable, the exact fee schedule applied to your account(s) generally will be different from the fee schedule reflected above.



## **2. Fee Billing**

### **a. Per Account Billing**

Advisory accounts held with a custodian of The Firm generally will be billed on a per-account basis. This means that each account will be billed the agreed-upon fee for that account, which allows for ease of administration for us, and for the performance for each account to be easily calculated.

### **b. Householding**

In cases where combining accounts could allow a client to enjoy the benefits of lower overall fees, clients usually elect to combine the value of all accounts maintained by you and your family members (a process commonly referred to as householding). Householding allows for the combined value of accounts to take advantage of a lower annual fee rate and/or to have fees deducted from one account.

For example, if you had four accounts that had a combined total of just over \$1 million, each account will be charged based on the greater-than-\$1 million threshold noted in the fee schedule above. In combining accounts for purposes of determining the amount of the advisory fee that will be charged, we will normally include your accounts, the accounts of your spouse, the accounts for the benefit of your minor children, and the accounts of any relatives supported by you; however, we will add to the “household” the accounts of other relatives that you identify.

Continuing the illustration of householding, in addition to a combined fee rate, some clients will direct us to pay all household advisory fees from one account – for example, some grandparents choose to pay the advisory fee incurred by their grandchildren’s accounts.

### **c. Direct Debit**

Clients generally authorize us to directly debit fees from their accounts. Fees are billed monthly or quarterly in advance, meaning that we invoice you at the beginning of the month for that month or at the beginning of the quarter for that quarter. Payment in full is expected upon invoice presentation. **Fees are usually deducted from the client’s account to facilitate billing. The client must consent in advance to direct debiting of their investment account.**

**Please also note that the custodian holding your account will send you an account statement**, no less than quarterly, that provides details of all activity in your account, including the advisory fees that were deducted.

**Please review each custodial statement for accuracy.** The Firm will have access to copies of your account statements from the custodian.

#### **d. Monthly billing**

The valuation of the account will be based on the value of your account or household accounts on the **last trading date of the prior month.**

When you establish an investment advisory relationship with The Firm , your first month's advisory fee will be pro-rated based on the number of days your account was under our management. Similarly, when you terminate your advisory relationship with us, your last month's advisory fee will be prorated based on the number of days your account was under our management. Upon the opening of a client account, we will not begin the average daily balance calculation until the account, or a specific portion of the account ("sleeve") is funded.

If fees are in excess or fall short of the monthly fee that is billed in advance, the fees will be reconciled the following month with either an additional debit or a credit to your account. If insufficient cash is available in your account to pay the fee charged to your account, we will sell investments from your account in an amount sufficient to pay the fee.

**The Firm bills all clients monthly.**

#### **e. Valuation**

The Firm generally will accept the valuation of the client's account as reported by the account custodian. The valuation of securities and other instruments are generally determined by their last reported sale price on the principal market in which they are traded if traded on a market for which transaction prices are publicly reported. Otherwise, other readily marketable securities and instruments are valued by using a pricing service or by other equitable means consistent with the fiduciary duty of the Firm to determine a fair market value.

### ***3. Transaction Costs***

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Examples of these additional expenses include charges imposed by custodian, brokers, third-party investment advisers, and other third parties, including management fees, custodial fees, 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. Mutual funds and exchange-traded funds also charge internal management fees that are disclosed in a fund's prospectus.

These expenses are not deducted from the The Firm management fees charged.

Please also see *Items 12 – Brokerage Practices* and *14 – Client Referrals and Other Compensation* for a description of additional compensation received by The Firm and for a description of factors that we

consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

#### ***4. Termination***

An advisory client has the right to terminate the contract without penalty within five (5) business days after entering into the contract.

Thereafter, the relationship between parties will be terminated by either the client or The Firm following the requirements outlined in the agreement. Upon receipt of any request to terminate, fees will be refunded on a pro-rata basis (i.e., if a client terminates the relationship in the middle of a quarter or month, he will only pay for the number of days he was under contract). For example, if a client paid advisory fees of \$500.00 at the beginning of the quarter and transferred their account out midway through the quarter, we would refund the client half of the advisory fees paid during the period.

#### ***5. Fee Dispersion***

The Firm, in its sole discretion, waives or modifies its minimum asset level, charges a lesser management fee, charges a flat fee, or waives its fee entirely based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, the dollar amount of assets to be managed, related accounts, account composition, the complexity of the engagement, grandfathered fee schedules, Firm employees and family members, courtesy accounts, competition, negotiations with client, etc.).

**As a result of these considerations, similarly, situated clients pay different fees. Similar advisory services also could be available from other investment advisers for similar or lower fees.**

Any questions: The Firm's CCO remains available to address any questions that a client or prospective client has regarding advisory fees.

#### ***6. Special Fee Arrangements***

The Firm reserves the right, in its sole discretion, to negotiate and to charge different fees for certain accounts based on the client's needs or requirements as well as overall financial condition, goals, risk tolerance, and other factors unique to the client or for new or additional services not described herein. As an example, fees for certain non-U.S. Clients are higher due to increased administrative costs and requirements. The maximum fee charged by The Firm is 2.99%.

### **ITEM 6 – TYPES OF CLIENTS AND MINIMUM REQUIREMENTS**

We do not impose a minimum portfolio size or minimum annual fee. Subject to applicable law, actual advisory fees and the required minimum dollar value of assets are negotiated. Please also see *Item 5.1* –

*Fees and Compensation.*

## **ITEM 7 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

In managing clients' accounts and providing recommendations to discretionary and non-discretionary clients, The Firm uses various investment strategies and methods of analysis, as described below. This section also contains a discussion of the primary risks associated with these investment strategies. However, it is not possible to identify all the risks associated with investing. The risks applicable to an account will depend on the nature of the account, its investment strategy or strategies, and the types of securities held by the account. Similarly, the risks applicable to, and associated with, your accounts, depend on your asset allocation, including the nature of the accounts, the investment strategies, and types of securities held by the accounts.

While The Firm seeks to manage your accounts so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. **Any investment includes the risk of loss and there can be no guarantee that a level of return will be achieved.** Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses, including through diversification.

Clients should be aware that while The Firm does not limit its advice to particular types of investments, mandates are sometimes limited to certain types of securities (e.g., equity securities) and thus are not diversified. We expect that the assets we manage do not represent all of a client's assets. You are responsible for appropriately diversifying your assets to guard against the risk of loss in any one asset type.

### ***1. Analysis Methods***

The Firm's IARs use various methods of analysis and investment strategies. Methods and strategies will vary based on the IAR providing advice. Models and strategies used by one IAR will be different than the strategies used by other IARs. Some IARs use just one method or strategy while other IARs rely on multiple. The Firm does not require or mandate a particular investment strategy to be implemented by its IARs. Further, The Firm has no requirements for using a particular analysis method and IARs are provided flexibility (subject to The Firm supervision and compliance requirements) when developing their investment strategies. Security analysis methods utilized by The Firm include the following:

#### **a. Charting**

Charting analysis seeks to identify resistance and support reference prices for decisions to buy (price hits the support) or sell (price hits the resistance). Through charting, the analysis seeks to identify price patterns and market trends in financial markets. Charting can be applied to long-term investing or can

be used as a market-timing strategy, depending on the time frame of the price charts. **RISK:** Does not take in consideration any financial information about the companies' stock nor the economics, interest rates of the country, which could unfavorably change the price of the security, and client could incur losses.

### b. Fundamental

Fundamental analysis maintains that markets misprice securities in the short run, but that the correct price will eventually be reached by the market. The fundamental analysis of a business involves analyzing financial statements, management, and competitive advantages, and competitors and markets. When applied to futures and forex, fundamental analysis focuses on the overall state of the economy, interest rates, production, earnings, and management. **RISK:** Fundamental Analysis does not take advantage of the markets' current trends, the security must be held for a long time, during which the markets' fluctuations may show great losses for the client

### c. Technical

Technical analysis maintains that all information is already reflected in the stock price. Technical analysis is a discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Generally, technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market, and intra-market price correlations, business cycles, stock market cycles, or, classically, through recognition of chart patterns. **RISK:** Forecasting is a speculative practice that with a great risk of misinterpreting the markets assumes certain price behaviour for a given security without any guaranty that the forecast was correct, thus leading to potential losses in price of the security.

### d. Volatility

Volatility analysis involves the analysis of price fluctuations due to increasing or decreasing market/underlying volatility. **RISK:** Volatility in the markets create fast moving swings in securities' prices, which cause great fear to investors, and often close their position before time, at great losses.

### e. Cyclical

Cyclical analysis generally targets cyclical stocks for purchase of equity securities when the ratio of price-to-earnings (P/E Ratio) is low and sell them when the P/E Ratio is high (i.e., when earnings are peaking). The P/E Ratio is a measure of the price paid for a share relative to the annual net income or profit earned by the Firm per share. **RISK:** Cyclical analysis risks are similar to those of fundamental analysis, where sudden changes in the economy, i.e. interest rates change, natural disasters, wars can greatly influence price fluctuations.

## 2. Sources of Information

The main sources of information used in The Firm 's analysis:

- Financial newspapers and magazines
- Inspections of corporate activities
- Research materials prepared by others

- Corporate rating services
- Timing services
- Annual reports, prospectuses, filings with the SEC
- Company press releases

### ***3. Investment Strategies***

The Firm investment strategies used to implement investment advice:

- Long term Purchases (securities held at least a year)
- Short term purchases (securities sold within a year)

The Firm 's IARs use various investment strategies depending on the objectives stated by the client during consultations and will vary based on the IAR providing advice. Models and strategies used by one IAR will be different than the strategies used by other IARs. Some IARs use just one investment strategy while other IARs rely on multiple. The Firm does not require or mandate a particular investment strategy to be implemented by its IARs. An example of one of the investment strategies used for client accounts is asset allocation, utilizing a strategic core and tactical overlay in which we use passively managed index and exchange-traded funds as the core investments, and add actively managed funds whose managers seek to outperform their respective benchmarks. When consistent with client objectives, portfolios are globally diversified to control the risk associated with traditional markets. The client is free to change these objectives at any time. Each client executes a client account agreement that documents the client's risk tolerance, time horizon, and desired investment objective.

### ***4. Investment Strategy Risks***

The following is an overview of the material risks associated with The Firm 's management and the instruments in which clients invest; however, it is not intended to be a complete discussion of every possible risk to which a client could be subject. Investing in securities involves the risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Our investment approach seeks to keep the risk of loss in mind.

#### ***a. Cash and Cash Equivalents:***

When we consider it in the best interest of the client, accounts will maintain significant cash positions from time to time, foregoing investment opportunities. The client will pay the Investment Management Fee based on the net asset value of the account, including cash and cash equivalents.

#### ***b. Interest Rate and Credit Risk***

The two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, a corresponding decline in the market value of bonds follows. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. The principal on mortgage-backed or asset-backed securities normally can be prepaid at any time, which

will reduce the yield and market value of these securities. Obligations of U.S. Government agencies and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. Government.

### **c. Municipal Security Risk**

Municipal securities are subject to interest rate, credit, default, and valuation risks. There generally is less information available on the financial condition of issuers of municipal securities than for public corporations. The market for municipal bonds can be less liquid than for taxable bonds.

A portion of the income of some municipal bonds is taxable. Some investors could be subject to the alternative minimum tax. Capital gains distributions, if any, are taxable.

### **d. Equity Securities Risk**

Equity securities are subject to changes in value. Their values generally are more volatile than other asset classes. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.

Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

### **e. Inverse ETF Risk**

Certain index ETFs seek investment results that are the inverse of a particular index, and for a single day only, not for longer periods. For periods longer than a single day, the ETF will lose money when the level of the index is flat, and the ETF could lose money even if the level of the index falls. Longer holding periods, higher index volatility, and inverse exposure each exacerbate the impact of compounding on an investor's returns. We seek to mitigate this risk through daily monitoring when inverse ETFs are used.

### **f. Derivatives Risk**

Investments in derivatives, such as futures, options, swaps, or tender-option bonds, to hedge a portfolio's investments or to seek to enhance returns, entail specific risks relating to liquidity, leverage, and credit that could reduce returns and/or increase volatility.

Leverage involves the use of various financial instruments or borrowed capital in an attempt to increase the return of an investment. The use of leverage involves risk, including a loss greater than the amount originally invested.

### **g. Emerging Markets Risk**

Investments in emerging market issuers generally are subject to a greater risk of loss than investments in issuers located or operating in more developed markets. Emerging markets are more likely to



experience inflation, political turmoil, and rapid changes in economic conditions than more developed markets.

Emerging markets often have less uniformity in accounting and reporting requirements, less reliable securities valuations, and greater risk associated with custody of securities than developed markets.

#### **h. Long term Trading (securities held at least a year)**

Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments.

These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk. The portfolio can be invested in liquid and illiquid securities. You should be aware that liquid securities could become less liquid during the holding period.

#### **i. Short-term trading (securities held less than a year)**

Short-term trading exacerbates market risks because profitability will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that we will be able to predict accurately these price movements.

Additionally, over time, the effectiveness of the trading program will decline if other market participants develop similar programs or techniques. Frequent trading can affect investment performance through increased brokerage and other transaction costs and taxes.

#### **j. Use of Alternative Investments**

Currently, the Firm does not offer its clients any Alternative Investments.

#### **k. Cyber-Security Threats**

The Firm faces various cyber and security threats, including malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions to critical systems, unauthorized release of confidential or otherwise protected information and corruption of data, network, or systems.

#### **l. Uncertainty Risk**

Social, political, economic, and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts, and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments, and other systems, including the financial markets, to which clients and the issuers in which they invest are exposed.



As global systems, economies and financial markets are increasingly interconnected, events that once had only a local impact are now more likely to have regional or even global effects. Events that occur in one country, region, or financial market will, more frequently, adversely impact issuers in other countries, regions, or markets, including in established markets such as the United States. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Once an event occurs, it is impossible to determine or accurately predict its precise nature and consequences, or those of any political or policy decisions and regulatory changes occasioned by it. Clients will be negatively impacted if the value of their investments decreases because of such events and the uncertainty they cause or if the operations and effectiveness of The Firm, the issuers in which clients invest, or their key service providers are compromised.

### **m. COVID-19**

A specific form of uncertainty risk has emerged in the form of a respiratory disease designated COVID-19 that was first detected in China in late 2019 and has spread internationally.

The transmission of COVID-19 and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions; limitations on or closures of business operations, disruptions to supply chains, and reductions in customer activity in multiple markets and sectors; cancellations and restrictions of events and services; quarantines; and general concern and uncertainty, among other things. These impacts have caused significant volatility, trading halts, and declines in the global financial markets, which have resulted in losses for investors. The extent of the impact of COVID-19 cannot be precisely foreseen at present.

The Firm remains fully operational and has deployed a business continuity plan to ensure there are no interruptions in the service provided to clients. We continue to liaise with our third-party vendors to ensure they have undertaken the necessary steps to continue uninterrupted service.

At this time, we are confident that our activities will not be adversely impacted, and we will continue to update our business continuity plan as needed to account for the challenges presented by COVID-19 and the needs of our clients.

## **ITEM 8 – DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of The Firm or the integrity of The Firm's management. The Firm and its management have no material legal or disciplinary events.

Investment Advisory Representatives are considered "advisory affiliates" whose disciplinary events are contained in Part 1 of The Firm's Form ADV as well as in their individual records. For information regarding The Firm's and its Investment Advisory Representatives' legal and disciplinary history, please access the Investment Adviser Public Disclosure site (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 9 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATION**

The Firm is an independent registered investment adviser providing only investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Brochure.

## **ITEM 10 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Firm subscribes to a Code of Ethics ("Code") adopted as required by Rule 204A-1 under the Advisers Act. The Code describes the fiduciary duty we owe our clients and the general standard of conduct that the Firm expects of all personnel, focusing on specific areas where the conduct of personnel has the potential to adversely affect the client, including misuse of nonpublic information and personal securities trading.

The Firm's officers and personnel have interests in securities owned by or recommended to our clients. These securities are usually well known S&P and regularly traded securities. As these situations may represent a conflict of interest, we have implemented procedures relating to personal securities transactions and insider trading that are reasonably designed to identify conflicts of interest and prevent or mitigate actual conflicts of interest.

These policies and procedures, including the Firm's Code, are intended to avoid conflicts of interest with clients and resolve such conflicts appropriately if they do occur. Any supervised person of The Firm who fails to observe our Code and related policies risks serious sanctions, including dismissal and personal liability. Upon request, a copy of the Code is available to any client or prospective client.

### ***1. Material Nonpublic Information***

The Firm and its related persons, from time to time, come into possession of material nonpublic and/or other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Firm can be prohibited from improperly disclosing or using such

information for our benefit or the benefit of any other person, regardless of whether such other person is a client.

Accordingly, should The Firm come into possession of material nonpublic or other confidential information concerning any company, we are prohibited from communicating such information to, or using such information for the benefit of, our clients, even if such action could have benefited the client. We have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, our clients or personnel when following policies and procedures designed to comply with the law.

The Firm has adopted a “Policy Statement on Insider Trading” per Advisers Act Section 204A which establishes procedures to prevent the misuse of material nonpublic information by our supervised persons. Among other things, all personnel must read, sign, and adhere to our policy on insider trading which reflects current securities law, including, but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988.

## **ITEM 11 – BROKERAGE PRACTICES**

### ***1. Factors Used to Select Brokerage Firms***

The Firm has contractual agreements with Interactive Brokers (“Custodian”) to act as a qualified custodian for our clients’ assets. By choosing The Firm as an investment adviser, your assets generally must be held at one of our Custodian. For clients with very large accounts who require a different arrangement, we negotiate with you if you require your assets to be held at a differently qualified custodian.

Interactive Brokers, the Custodian, is a broker-dealer registered with FINRA and the SEC and is a member of the Securities Investor Protection Corporation (SIPC). Most of our clients’ accounts have a value too small for the Custodian to permit brokerage trades to be done with other brokerage firms. Therefore, all the assets in your advisory account usually will be traded with the brokerage firm that also serves as your Custodian.

### ***2. Personal Securities Trading***

The Firm and our related persons, from time to time own an interest in or buy or sell for their personal or family-related accounts the same securities that are purchased or sold in the accounts of advisory clients. ALL Firm’s owned securities are commonly S&P, Nasdaq, NYSE commonly bought and sold securities; nevertheless, the Firm always gives Client’s orders priority in the case of all reportable securities. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients.

Certain affiliated accounts can trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed before the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be prorated. Any exceptions will be explained on the trade order.

Employees are required to submit quarterly reports of their transactions within 30 days of the end of each calendar quarter to the CCO or designee. These reports could consist of monthly brokerage statements for all accounts in which they have a beneficial interest. Alternately, access persons can direct their brokers to send copies of all brokerage confirmations relating to all personal securities transactions in which they have a beneficial ownership interest for reporting purposes. Employees also must report all securities holdings to the CCO or designee annually if statements are not provided. These are reviewed by the CCO or designee to ensure compliance with the Firm's policies.

### ***3. Brokerage for Client Referrals***

The Firm is independently owned and operated and not affiliated with any of the Custodian. We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***4. Best Execution***

As a fiduciary, The Firm must seek best execution for client transactions, which includes consideration of a client's total costs or proceeds and the quality of broker-dealer services. Other investment advisers that trade with many different brokers and dealers can obtain better net prices than The Firm because we trade almost exclusively with the broker-dealer that is the client's Custodian. We mitigate this disadvantage by considering the overall financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, access to brokerage products, including mutual funds and ETFs, and related factors in selecting the Custodian we recommend to advisory clients.

Best execution, in the context of choosing mutual funds for our clients, also requires that we manage investment expenses. We balance the benefits of investing in mutual funds that are considered "no-load, no transaction fee" at the Custodian with funds that have a transaction fee or commission, but which carry a lower annual operating expense ratio.

### ***5. Directed Brokerage***

In rare instances, The Firm will permit a client to direct which broker-dealer or custodian to use. Please be aware that we cannot negotiate to meet our best execution obligations if clients choose to direct brokerage. This will usually cost clients more. If the client directs the use of a particular broker-dealer, The Firm generally asks the client to specify, in writing (1) general types of securities for which the designated firm should be used; and, (2) whether the designated firm should be used for all transactions.

Transactions for a client who directs brokerage generally will not be combined or “bunched” for execution purposes with orders for the same securities for other accounts we manage. (See the section *Trade Aggregation (Bunching)* immediately below.) In these instances, trades for a client who has directed us to use a specific broker or dealer to execute its trades generally will have its trades placed at the end of bunched trading activity for a security.

Accordingly, directed transactions could be subject to price movements, particularly in volatile markets, which result in the client receiving a price that is less favorable than the price obtained for the bunched order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions could result in higher commissions, greater spreads, or less favorable net prices than might be the case if The Firm could negotiate.

## ***6. Trade Aggregation (Bunching)***

In some instances, orders for more than one client’s account will be aggregated (“bunched”). The resultant trade execution(s) will be average-priced and allocated according to the original orders, providing fair and equitable treatment to all participating accounts, and sometimes resulting in better execution. If for any reason the entire bunched trade cannot be completed on trade date, client accounts will receive a pro-rata portion of the securities traded. The Firm will keep records of all bunched trades executed and the allocations for each client account that participates in the bunched trade.

## ***7. Research and other Soft Dollar Benefits***

Research services provided by a broker-dealer can be either proprietary (i.e., created and provided by the broker-dealer, including tangible research as well as access to analysts and traders) or “third party” (i.e., created by a third party but provided by the broker-dealer). The brokerage commissions used to acquire research in these arrangements are known as “soft dollars.”

The U.S. Congress created a “*safe harbor*” under Section 28(e) of the Securities and Exchange Act of 1934 that establishes strict standards by which soft dollar arrangements are allowed. Under this safe harbor, an adviser can consider the provision of research, as well as execution services, in evaluating the cost of brokerage services without violating its fiduciary responsibilities. The Firm follows the safe harbor available under Section 28(e) in arranging and executing its soft dollar arrangements.

Our Custodian provide us with products and services that benefit us but do not directly benefit our clients' accounts. Some of these products and services assist us in managing and administering clients' accounts. These include software and other 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 its clients' accounts; and assist with operational functions, recordkeeping, and client reporting.

As fiduciary, we are required to and endeavor to act in our clients' best interests. While we recommend that clients maintain their assets in accounts at the Custodian, that recommendation is based in part on the benefit to us of 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 Custodian, which creates a potential conflict of interest. We mitigate that conflict of interest through disclosures made in this Brochure, client agreements, and reports and conversations with clients.

### ***8. Allocation of Initial Equity Public Offerings ("IPOs")***

The Firm does not invest client accounts in IPOs.

### ***9. Principal and Cross Trades***

The Firm does not engage in principal or cross trades.

### ***10. Trade Error Corrections***

The Firm's IARs seek to execute transactions under our duty of care. However, errors do occasionally occur. When a trade error is discovered, the error is reported to the Chief Compliance Officer or designee and documented. We transfer the erroneous position to the custodian's "error account" when possible, at the price paid or received by the client, and we seek to unwind the position as quickly as is practicable.

The trade error policy of the custodian generally will dictate the trade error correction mechanics. The Firm bears the economic risk of losses in positions in the error account. Additionally, the Firm or the broker or custodian absorbs all brokerage or other transaction costs related to correcting errors.

## **ITEM 12 – REVIEW OF ACCOUNTS**

### ***1. Periodic Reviews***

#### ***a. Client Accounts***

The Firm has a fiduciary duty to provide services consistent with the client's best interest. Account

transactions are reviewed daily by the CCO and the designated branch supervisor. The CCO also includes the review of accounts as part of the ongoing compliance testing and will on occasion contact clients directly to discuss transactions or money movements. Client account reviews are conducted at least quarterly by the IARs.

Such reviews will include an examination of the account's investment objective, performance, and other matters. The IAR assigned to a client will also discuss the client's overall strategy and goals no less than annually, or at client request. Clients are encouraged to contact The Firm if there are any changes in their financial situation or investment objectives.

### **b. Portfolio Review**

Portfolio review services involve the active management of clients' accounts and focus on a client's overall financial situation. These reviews are intended to ensure that all aspects of the client's financial situation – as reported by the client -- were taken into consideration when creating the plan and that the plan generated by the IAR is suitable for the client and the clients' intended needs.

The Firm recommends that clients have their financial situation reviewed at least annually and updated as needed. If clients elect to have The Firm perform this review and update, a new client agreement will be required, and additional fees will be charged.

## ***2. Factors that will Trigger a Non-Periodic Review of Clients' Accounts***

As part of its investment advisory services, the IAR will review client accounts on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, market conditions, performance, account additions or withdrawals, changes in tax or retirement regulations and/or a change in the client's financial situation (retirement, change of employment, change of residence, inheritance, etc.) and investment objective.

Based upon the IAR's analysis of the account review triggered by these factors, there could be either increased account activity or extended periods when the IAR determines that changes to a client's holdings are neither necessary nor prudent. The Firm's fees and any other fees remain payable during periods of account inactivity.

## ***3. Reports***

The primary reports provided to clients of The Firm come from the client's custodian. Please see *Item 15: Custody*. The Custodian is required by law to provide account statements directly to the client or the client's representative no less frequently than quarterly; when there is any accounting activity, the statement will be monthly. At our discretion, IARs from time to time provide written performance and/or position reports to clients in addition to the custodian's statements.



**The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by The Firm .**

### **ITEM 13 – CLIENT REFERRALS AND OTHER COMPENSATION**

The Firm does not currently maintain referral arrangements, paid or otherwise, with any Custodian or other third-party solicitors. In the event we should, in the future, pay cash referral fees to a third-party solicitor, the referral agreement and the related activities will comply with Advisers Act Rule 206(4)-3. Rule 206(4)-3 specifies certain standards that must be met by an investment adviser before the payment of a cash fee directly or indirectly, for a client solicitation or referral.

To the extent that The Firm determines to maintain a referral arrangement, fees charged by us to clients introduced by the solicitor will not, because of the solicitation, be any higher than those charged to similar clients who were not introduced by the solicitor.

As discussed above, our use of a Custodian can yield increased administrative ease and, therefore, increased profitability for The Firm .

### **ITEM 14 – CUSTODY**

Custody, as it applies to investment advisers, has been defined by regulators as having access to or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities.

If an investment adviser can access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. For this reason, we ask that all client funds for management be payable to the Custodian, never to the IAR nor The Firm . For the same reason, The Firm 's IARs are not permitted to serve as trustees of client trusts nor as executors of a client estate; we must not hold login information and passwords for outside retirement or brokerage accounts. We also will not write checks or pay bills on behalf of the client.

The Firm is deemed to have custody in only two situations. First, we are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Second, we also are deemed to have custody of client assets because we have Standing Letters of Authorization ("SLOAs") on file for certain clients. We work with the client's Custodian to follow very precise steps in handling SLOAs to maintain compliance with regulatory guidelines. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

The 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 details about the account in which the funds or securities are maintained. Finally, as noted in *Item 13 - Review of Accounts*, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly.

**Clients should carefully review those statements and are urged to compare the statements against reports received directly from The Firm .**

When clients have questions about their account statements, they should contact The Firm or the qualified custodian preparing the statement.

## **ITEM 15 – INVESTMENT DISCRETION**

For those client accounts where The Firm provides ongoing supervision, some clients have given us written discretionary authority over the client's accounts for securities to be bought or sold, and the amount of securities to be bought or sold. This discretion is to be exercised in a manner consistent with the stated investment objectives for the client account.

Clients who wish to impose any restrictions or limitations on this authority must do so in writing. When selecting securities and determining amounts, we observe the investment policies, limitations, and restrictions of the client. However, The Firm does accept non-discretionary accounts but generally does not accept accounts in which investments are client-directed.

Details of this relationship are fully disclosed to the client before any advisory relationship begins. The client provides us with discretionary authority by signing a limited power of attorney both in the Investment Advisory Contract and the contract between the client and the custodian.

## **ITEM 16 – VOTING CLIENT SECURITIES**

### ***1. General Policy***

It is the policy of The Firm to not vote proxies for clients. Clients specifically retain the responsibility for receiving and voting proxies for securities maintained in client accounts. Clients will receive proxies directly from the issuer of the security or the custodian and should direct all proxy questions to the issuer of the security.

## **ITEM 17 – FINANCIAL INFORMATION**

The Firm is not aware of any financial conditions that are reasonably likely to impair the Firm's ability to meet its contractual commitments to its clients.

**ITEM 18 – FORM ADV PART 2B**

See the Form ADV Part 2B's of the supervised persons.