

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

April 22, 2024

#### **Opal Capital LLC**

SEC No. 801-126398

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This brochure provides information about the qualifications and business practices of Opal Capital LLC. If you have any questions about the contents of this brochure, please contact us at 917-716-6257. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Opal Capital LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

The firm has made no material changes since the last annual update of this brochure issued on March 13, 2024.

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## Item 4: Advisory Business

### A. Ownership/Advisory History

Opal Capital LLC ("Opal Capital" or the "firm") is an investment advisor registered with the United States Securities and Exchange Commission ("SEC"). Opal Capital is a limited liability company formed in 2022 under the laws of the State of Delaware. Opal Capital is primarily owned by Graff Capital, which is owned by Austin Graff.

### B. Advisory Services Offered

#### Investment Management Services

Investment Management Services begin by Opal Capital assisting each new client in determining the client's investment objectives. Opal Capital will analyze each client's current investments, investment objectives, goals, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance to implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. In addition, Opal Capital may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

Once a portfolio is established, the Investment Advisor Representative ("IAR"), in a fiduciary capacity, manages each client's investments in a manner consistent with the client's objectives and risk tolerance. When discretionary authority is granted by a client, Opal Capital is free to select the securities to buy and sell, the amount to buy and sell, and when to buy and sell. Opal Capital will be restricted to having limited trading authorization.

Opal Capital offers a customized and individualized investment program for clients. A specific asset allocation strategy is crafted to focus on the specific client's goals and objectives. Opal Capital offers the following allocation strategies, which are described in detail in Item 8 of this brochure:

- Dividend Growth Strategy
- Dividend Income Strategy
- Enhanced Dividend Income Strategy

Clients have the right to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and should promptly notify the firm in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. Opal Capital will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. Opal Capital will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

### **Sub-Adviser and Model Provider Services**

Opal Capital also provides asset management services as a sub-adviser to third-party investment advisers, who then offer such model portfolio management to their advisory clients. In addition, the firm will enter into model provider agreements with registered investment advisers and broker-dealers in which it will provide its model portfolios and updates to those who engage the firm for such services. Opal Capital's portfolio management services are generally offered through third-party investment advisers on either a sub-advised basis or a consulting arrangement as a model provider. Please refer to Item 8 of this Brochure for a description of Opal Capital's model portfolios.

### **Fund Portfolio Management**

Opal Capital serves as the investment manager to the TrueShares Low Volatility Equity Income ETF (DIVZ) (the "Fund"), and continuously manages the Fund assets based on the investment goals and objectives as outlined in the Fund's Prospectus and Statement of Additional Information ("SAI").

## **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

## **D. Wrap Fee Programs**

Opal Capital does not participate in wrap fee programs, where brokerage commissions and transaction costs are included in the asset-based fee charged to the client.

## **E. Client Assets Under Management**

As of December 31, 2023, Opal Capital had \$76.85 million of discretionary assets under management.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### Investment Management Fees

Clients are charged for Opal's investment management services based on a percentage of assets under management billed quarterly. All fees may be negotiated but are generally assessed according to the following fee schedule, which represents the maximum fees charged:

<u>Asset Value of Account</u>	<u>Maximum Annual Rate</u>
First \$100,000	0.60%
Next \$400,000	0.55%
Above \$500,000	0.50%

Opal Capital generally imposes a minimum account size of \$100,000. The account minimum may be waived by the firm in its sole discretion. Multiple accounts of immediately related family members, at the same mailing address, may be considered one consolidated account for billing purposes.

Opal Capital may utilize leverage in the management of its clients' accounts and calculates its fees on the gross value of the portfolio. Although we strive to place our clients' interests first, this practice creates an economic incentive for a firm to utilize leverage in order to increase its fee revenue.

Fees may be charged quarterly in advance or arrears as agreed to by the firm and client in writing. Payments are due and will be assessed within 30 days after the beginning of each calendar quarter, based on the quarter ending balance of the account(s) under management for the preceding quarter. Fees will not be prorated for contributions or withdrawals to a client's portfolio for the quarter in which the change occurs.

Opal Capital may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

#### Sub-Adviser and Model Provider Fees

For clients who retain the firm to provide either sub-advised or model portfolio consulting services, Opal Capital's fees are negotiated and charged pursuant to the terms of the applicable sub-adviser or model provider agreement.

#### Fund Portfolio Management Fees

The Fund pays Opal Capital a fee ("management fee") in return for providing investment management, investment advisory, and supervisory services under an all-in fee structure. The Fund will pay a monthly management fee to Opal Capital at an annual rate (stated as a

percentage of the average daily net assets of the Fund) as negotiated with each Fund client and disclosed in the Fund's prospectus and statement of additional information.

The advisory agreement is subject to annual approval by (i) the Board or (ii) a vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund, provided that in either event such continuance also is approved by a majority of the Board who are not interested persons (as defined in the 1940 Act) of the Trust by a vote cast in person at a meeting called for the purpose of voting on such approval. The advisory agreement is terminable without penalty, on 60 days' notice, by the Board or by a vote of the holders of a majority (as defined in the 1940 Act) of the fund's outstanding voting securities. The advisory agreement is also terminable upon 60 days' notice by Opal Capital and will terminate automatically in the event of its assignment (as defined in the 1940 Act).

## **B. Client Payment of Fees**

### **Investment Management Services**

Opal Capital may be paid either directly by the third-party investment adviser pursuant to the terms of the written agreement between Opal Capital and the third-party investment adviser, or by directly debiting the client's custodian account as described below.

To the extent that Opal Capital is authorized to directly debit fees from their client's custodian account, Opal Capital will do so provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying Opal Capital or their custodian in writing. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be terminated at any time by the client, or by Opal Capital with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be immediately due and payable.

### **Sub-Advised and Model Provider Services**

Depending on the terms of the sub-adviser agreement, Opal Capital may be paid in advance for its investment advisory services. Sub-advisory agreements have an initial one-year term; thereafter they may be canceled by either party upon 60 days' prior written notice. Upon termination of any account, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be immediately due and payable.

### **Fund Portfolio Management Services**

Fees are computed on the average daily net balance and distributed by the Fund administrator.

### **C. Additional Client Fees Charged**

The fees charged by Opal Capital do not include fees charged by third-party investment advisers, exchange-traded funds, or any broker-dealer or custodian selected by the client. In the case of an exchange-traded fund, fees and charges are disclosed in the respective fund's prospectus. Clients are advised to read these materials carefully before investing. Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

The Fund bears other expenses that are not covered under the management fee, which may vary and affect the total level of expenses paid by the Fund, such as taxes and governmental fees, brokerage fees, commissions and other transaction expenses, costs of borrowing money, including interest expenses, and extraordinary expenses (such as litigation and indemnification expenses). "Other expenses" are based on estimated amounts for the current fiscal year.

### **D. External Compensation for the Sale of Securities to Clients**

Opal Capital's financial advisors are compensated primarily through salary and bonus. Opal Capital is not paid any sales, service, or administrative fees for the sale of investment products.



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

Opal Capital does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## **Item 7: Types of Clients**

The types of clients Opal Capital offers to provide investment advice to include, but are not limited to, individuals, high net worth individuals, trusts, estates, corporate retirement plans, charitable organizations, LLCs, and corporations or businesses. Opal Capital also provides consulting and asset management services as a sub-adviser to various third-party investment advisers.

For investment management services, Opal Capital generally imposes a minimum account size of \$100,000. The account minimum may be waived by the firm in its sole discretion.

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

### **A. Methods of Analysis and Investment Strategies**

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.

#### **Methods of Analysis**

Opal Capital uses a variety of sources of data to conduct its economic, investment and market analysis, which may include economic and market research materials prepared by others, conference calls hosted by individual companies or mutual funds, corporate rating services, annual reports, prospectuses, and company press releases, and financial newspapers and magazines. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Opal Capital and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Opal Capital reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Opal Capital may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

For information on the Fund's risks, strategies, fees, and other pertinent information, please obtain and review a copy of the applicable Fund prospectus.

### **Investment Strategies**

Opal Capital provides numerous investment management styles and strategies, including large and small cap equity, international equity, fixed income, and a broad spectrum of exchange traded funds, either individually or in combination. Generally, Opal Capital recommends and provides clients a diversified investment strategy incorporating domestic and international equities, fixed income, exchange-traded funds, unit investment trusts among other asset classes.

The exact composition of recommended programs and investment strategies will be determined by the client's legal and tax considerations and greatly influenced by the client's liquidity needs and tolerance for risk.

- *Dividend Income Strategy* – The Dividend Income Strategy seeks income and long-term capital appreciation by primarily investing in high-quality, high-dividend paying companies with dividend growth potential.
- *Enhanced Dividend Income Strategy* – The Enhanced Dividend Income Strategy seeks high income, reduced volatility, and long-term capital appreciation by investing in high-quality, high-dividend paying companies with dividend growth potential, along with a tactical covered call strategy on individual stocks.

### **Material Risks of Investment Instruments**

Opal Capital typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Exchange-traded funds
- Fixed income securities

#### **Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **Exchange-Traded Funds ("ETFs")**

Opal Capital may invest in ETFs (which may, in turn, invest in equities, bonds and other financial vehicles). ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a

shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

## **B. Investment Strategy and Method of Analysis Material Risks**

### **Leverage**

Opal Capital does not utilize leverage in its managed portfolios.

### **Short-Term Trading**

Although Opal Capital, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-velocity trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms,

attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry and sector performance.

### **C. Concentration Risks**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Broker-Dealer or Representative Registration**

Neither Opal Capital nor its affiliates are registered as a broker-dealer.

### **B. Futures or Commodity Registration**

Neither Opal Capital nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **Titleist Asset Management, LLC & Shorebird Capital, LP**

Austin Graff serves as Chief Investment Officer for Titleist Asset Management, LLC, and Shorebird Capital, LLC, both of which are SEC-registered investment advisers and affiliates of Opal Capital. As a result of such CIO services, Mr. Graff does not devote his full time and attention to Opal Capital's business.

#### **TrueShares Low Volatility Equity Income ETF (DIVZ)**

Opal Capital has entered into a sub-advisory agreement to serve as sub-adviser to TrueMark Investments, the adviser to TrueShares Low Volatility Equity Income ETF (DIVZ) (the "Fund"). Opal Capital has an economic incentive to utilize DIVZ in its managed and sub-advised client portfolios. As previously stated in Item 5 of this brochure, ETF embedded fees are in addition to Opal Capital advisory fees. Clients are under no obligation to utilize the Fund. Detailed information on the Fund is provided in the Fund's prospectus and statement of additional information ("SAI").

#### **OCIO Services – 49 Wealth Management LLC ("49 WM")**

49 WM has engaged Austin Graff, Managing Member of Opal Capital, to serve as an outsourced Chief Investment Officer ("CIO") for compensation. Mr. Graff's services as an outsourced CIO include providing 49 WM with strategic and operational support. This arrangement creates a conflict of interest in that Mr. Graff's duties and obligations to 49 WM will limit the time allocated to serving Opal Capital's clients. We expect the time allocation conflict will be mitigated in part because of the synergies Mr. Graff will benefit from by using similar investment methodologies for both Opal Capital and 49 WM.



#### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Other than as described in Item 10.C. above, Opal Capital does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Opal Capital has adopted policies and procedures designed to detect and prevent insider trading. In addition, Opal Capital has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Opal Capital's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Opal Capital. Opal Capital will send clients a copy of its Code of Ethics upon written request.

Opal Capital has policies and procedures in place to ensure that the interests of its clients are given preference over those of Opal Capital, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Opal Capital does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Opal Capital does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest**

Opal Capital, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Opal Capital specifically prohibits. Opal Capital has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account

- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Opal Capital's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Opal Capital, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Opal Capital clients. Opal Capital will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of Opal Capital to place the clients' interests above those of Opal Capital and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### Custodian Recommendations

Opal Capital will recommend to clients certain broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Opal Capital will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### How We Select Brokers/Custodians to Recommend

Opal Capital seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### Soft Dollar Arrangements

Opal Capital does not utilize soft dollar arrangements. Opal Capital does not direct brokerage transactions to executing brokers for research and brokerage services.

**Brokerage for Client Referrals**

Opal Capital does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

**Client-Directed Brokerage**

Clients may direct Opal Capital to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Opal Capital derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Opal Capital loses the ability to aggregate trades with other Opal Capital advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

**B. Aggregating Securities Transactions for Client Accounts****Best Execution**

Opal Capital has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. Opal Capital recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Opal Capital will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Opal Capital seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Opal Capital's knowledge, these custodians provide high-

quality execution, and Opal Capital's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Opal Capital believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **Security Allocation**

Since Opal Capital may be managing accounts with similar investment objectives, Opal Capital may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Opal Capital in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Opal Capital's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Opal Capital will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Opal Capital's advice to certain clients and entities and the action of Opal Capital for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Opal Capital with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Opal Capital to or on behalf of other clients.

### **Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Opal Capital believes that a larger size block trade would lead to best overall price for the security being transacted.

### **Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Opal Capital acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Opal determines that such arrangements are no longer in the best interest of its clients.

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## Item 13: Review of Accounts

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are provided in connection with advisory accounts. Opal Capital's representatives will contact clients at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. The underlying investments held in client accounts are reviewed on a more frequent basis. Triggering factors for changes to underlying portfolios include the relative valuation changes between asset classes, valuation of the individual security, or economic or political changes that change the perceived risk/reward ratio of a sector or sub-sector of the global or national economy. Portfolios are reviewed on an ongoing basis.

For Fund clients, Opal Capital continually reviews and monitors the funds' holdings in accordance with the investment objectives as detailed in the fund prospectus and SAI. Opal Capital's portfolio manager reviews securities activity for the fund daily to ensure that investments are made in conformity with the fund's investment objectives and investment strategies, and that all activity is in compliance with the fund's prospectus and requirements promulgated under the Investment Company Act of 1940 as well as the Investment Advisers Act of 1940.

### **B. Review of Client Accounts on Non-Periodic Basis**

Opal Capital may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Opal Capital formulates investment advice.

For its ETF client, Opal Capital's portfolio manager and/or CCO may perform ad hoc reviews on an as-needed basis if there have been material changes in the fund's investment objectives or investment strategies or in the event of unstable markets.

### **C. Content of Client-Provided Reports and Frequency**

Clients receive a quarterly letter and portfolio report. The report shows a summary of all managed accounts, a portfolio appraisal, a list of realized gains and/or losses, a performance summary, and a fee statement.

The end client will receive no less frequently than quarterly a statement from the custodian indicating holdings, transactions, and cash balance. The custodian is the official record of the client's account.



## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Other than what is disclosed in Item 12 regarding benefits the firm receives from its custodian(s), Opal Capital does not receive economic benefits for referring clients to third-party service providers.

### **B. Advisory Firm Payments for Client Referrals**

Opal Capital does not pay for client referrals.

## Item 15: Custody

Opal Capital is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
  3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
  6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

When engaged for investment management services, clients may grant a limited power of attorney to Opal Capital with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Opal Capital will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17: Voting Client Securities

### A. Portfolio Management Services

Opal Capital, when voting securities, has fiduciary obligations and must act in the clients' best interests. These fiduciary duties include (i) the duty of care which is required to monitor corporate events and to vote the proxies, and (ii) the duty of loyalty which is required to vote proxies in a manner consistent with the best interests of the client and to put the client's interests before its own interests. In keeping with its fiduciary duties, Opal Capital has adopted a Proxy Voting Policy, which sets forth policies and procedures designed to ensure that Opal Capital votes each client's securities in the best interests of the client.

Opal Capital will be authorized to take action and render any advice with respect to the voting of proxies for securities held in the client's account. Opal Capital will make an independent valuation for each applicable company held in the client's account in accordance with its fiduciary obligations as detailed in this policy. Clients may contact Opal Capital's Managing Member for information about how Opal Capital voted with respect to any of the securities held in their account.

Except as required by applicable law, Opal Capital will not be obligated to render advice or take any action on behalf of the client with respect to assets presently or formerly held in the client's account which become the subject of any legal proceedings, including bankruptcies.

As a general rule, Opal Capital will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with Opal Capital's Proxy Voting Policy, unless a client specifically instructs in writing to vote such client's securities otherwise. When making proxy voting decisions, Opal Capital may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel. A copy of Opal Capital's Proxy Voting Policy will be provided upon receipt of a written request.

### B. Fund Management Services

Opal Capital manages the affairs of the Fund. As part of its fiduciary obligations to the shareholders of the fund, the firm exercises its voting rights in the companies in which it invests.

The overriding objective of the firm's proxy voting activities is to enhance shareholder value on a long-term basis. As a result, our proxy voting guidelines have been developed in a manner which the firm believes is consistent with this goal. However, it is important to note that this document contains guidelines only, and not rigid, inflexible, voting directives. We will evaluate each voting matter on a case-by-case basis and may vote in a manner contrary to the guidelines if we feel that this would ultimately enhance long-term shareholder value.

**Guidelines Pertaining to Routine Matters:** Opal Capital will generally cause the Fund to vote in favor of management proposals on routine matters such as the election of directors, appointment of auditors, indemnification of directors, and receipt and approval of financial statements, provided it is in line with the other guidelines set forth in the Proxy Voting Guidelines.

**Guidelines Pertaining to Non-Routine Matters:** With respect to non-routine matters, such as take-over defense measures and changes in capital structure, Opal Capital will examine proxies and recommendations for special proposals to assess the impact on the value of the securities, generally voting in favor of proposals that would enhance the investment value of the relevant security in the long term and against proposals that increase the risk level and reduce the investment value of the relevant security in the long term. Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

**Guidelines Pertaining to the Board of Directors:** Ideally, the Board of Directors will comprise a majority of unrelated experienced directors, where an unrelated director is independent of management and is free from any relationship or interest that conflicts with the director's ability to act in the best interests of shareholders. A Board of Directors should be large enough to allow for sufficient coverage of responsibilities, but should not be so large that meetings and discussions become cumbersome. All boards shall have an audit committee headed and staffed by outside directors. We are generally opposed to cumulative voting proposals, but acknowledge that it may be a useful tool if a board is unresponsive to shareholders. A staggered board is one in which some directors are elected to terms greater than one year. Our preference is for all directors to stand for election on an annual basis. While attendance is only one factor in evaluating a director's effectiveness, we view absences without extenuating circumstances negatively. We believe that directors should be provided insurance against liability claims, so long as their actions were taken honestly and in good faith with a view to the best interests of the company. We will generally support the auditor recommended by the audit committee, but will review proposed changes in auditors on a case-by-case basis.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Opal Capital does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Opal Capital does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There are no bankruptcy petitions to report.