

Passive Management, LLC

Investment Adviser Disclosure Brochure

14 Wall Street
20th Floor
New York, NY 10005

(212) 618-1416

03/22/2024

Item 1: Firm Brochure (Form ADV Part 2A)

This brochure provides information about the qualifications and business practices of Passive Management, LLC, a registered investment adviser, and its registered investment adviser representatives. Registration does not imply a certain level of skill or training. Any questions about the contents of this brochure may be directed to (212) 618-1416 or by emailing Arber Jashari, Chief Compliance Officer, at Arber@PassiveManagementLLC.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Passive Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The site may be searched by unique identifying a number known as a CRD number. The CRD number for Passive Management is 314627.

Item 2: Material Changes

Pursuant to SEC rules, Passive Management, LLC will ensure that clients receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after the Firm's fiscal year end, December 31. This means that if there were any material changes over the past year, clients will receive a summary of those changes no later than April 30. At that time, Passive Management, LLC will also offer a copy of its most current disclosure brochure and may also provide other ongoing disclosure information about material changes as necessary. If there are no material changes over the past year, no notices will be sent.

Since our last annual update on 03/31/2023, the Firm has the following material changes to report:

- The Firm has filed for registration with the SEC.

Item 3 Table of Contents

Item 1 Cover Page	1
Item 2 Material Changes	2
Item 3 Table of Contents.....	3
Item 4 Advisory Business	4
Item 5 Fees and Compensation	5
Item 6 Performance-Based Fees and Side-By-Side Management.....	6
Item 7 Types of Clients.....	6
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9 Disciplinary Information.....	12
Item 10 Other Financial Industry Activities and Affiliations	13
Item 11 Code of Ethics, Conflicts of Interest, and Personal Trading.....	13
Item 12 Brokerage Practices	14
Item 13 Review of Accounts.....	16
Item 14 Client Referrals and Other Compensation	16
Item 15 Custody	17
Item 16 Investment Discretion	17
Item 17 Voting Client Securities	17
Item 18 Financial Information.....	18

Item 4 Advisory Business

A. Firm Description

Passive Management, LLC (“PM” or the “Firm”) is an SEC registered investment adviser based in New York. PM was approved as a registered investment adviser in June 2021. The Principal Owner and Chief Compliance Officer of PM is Arber Jashari. Mr. Jashari also serves as an investment adviser representative of PM.

B. Types of Advisory Services

The Firm offers portfolio management for individuals and small businesses. The Firm offers these services to clients or potential clients (“clients”).

Investment Advisory Services

PM specializes in quantitative, fundamental, technical, and economic analysis to determine what investments are in favor of PM’s investment models. PM assesses client’s current holdings and ensures alignment with both short-term and long-term goals. The Firm performs ongoing reviews of investment performance and portfolio exposure to market conditions. Accordingly, the Firm is authorized to perform various functions without further approval from the client, such as the determination of securities to be purchased or sold without prior permission from the client for each transaction. Any and all trades are made in the best interest of the client as part of PM’s fiduciary duty. However, risk is inherent to any investing strategy and model. Therefore, PM does not guarantee any results or returns.

Prior to engaging PM to provide any investment advisory services, PM requires a written financial service agreement (“FSA”) signed by the client prior to the engagement of any services. The FSA will outline services to which the client is entitled and fees the client will incur.

PM is an asset-based fee investment management firm. The firm does not receive commissions for purchasing or selling stocks, bonds, mutual funds, real estate investment trusts, or other commissioned products for clients. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted.

PM does not act as a custodian of client assets. The client always maintains asset control. PM places trades for clients under a limited power of attorney through qualified custodian/broker.

C. Services Tailored to Clients’ Needs

Services are provided based on a client’s specific needs within the scope of the services provided as discussed above. A review of the information provided by the client regarding the client’s current financial situation, goals, and risk tolerances will be performed and advice will be provided that is in line with available information. Clients should receive a copy of the brochure documents at least 48 hours before signing an agreement with PM. If a client has not received a copy of the Brochure Documents prior to signing an agreement, the client has five business days in which to cancel the agreement, without penalty.

D. Wrap Fee Program versus Portfolio Management Program

PM does not offer a Wrap Fee Program.

E. Assets Under Management

As of 02/12/2024, PM has \$25,689,937 under management for clients. All assets are managed on a discretionary basis.

Item 5 Fees and Compensation

In addition to the information provided in the Advisory Business section, this section provides details regarding Firm services along with descriptions of each service's fees and compensation arrangements.

A. Advisory Services Compensation Description

Our annual fee for portfolio management services is 2% based upon the market value of your assets under our management.

PM, at its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, types of assets, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, etc.). Our advisory fees are higher compared to industry standard. Clients should be aware that lower fees for comparable services may be available from other sources.

B. Payment of Fees

Investment management fees are billed monthly, in arrears, meaning that we invoice you after the month's billing period has ended. Payment in full is expected upon invoice presentation. You may terminate the portfolio management agreement upon 30 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client. Fees may be deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account. Clients may also choose to pay by check.

C. Third Party/ Custodian Fees

Custodians may charge transaction fees on purchases or sales of securities. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Use of Margin

Passive Management may use margin or derivative transactions in the management of the client's investment portfolio when a client wishes to engage in such transactions. When engaging in the use of margin, the fee payable will be assessed net of margin such that the market value of the client's account and corresponding fee payable by the client to Passive Management will not be increased.

D. Fees and Compensation

Passive Management nor any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6 Performance-Based Fees and Side-By-Side Management

Passive Management does not charge or accept performance-based fees.

Item 7 Types of Clients

Passive Management provides investment advice to many different types of clients. These clients generally include individuals, trusts, estates, corporations, and other types of business entities.

A. Minimum Account Size

The Firm does not require a minimum account size.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis

The Firm may use the following methods when considering investment strategies and recommendations.

CHARTING REVIEW

Charting is a technical analysis that charts the patterns of stocks, bonds, and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time, and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

FUNDAMENTAL REVIEW

A fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. Fundamental analysis attempts to determine the true value of a company or security by looking at all aspects of the company or security, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price with the aim of determining what sort of position to take with that security (e.g. if underpriced, the security should be bought; if overpriced the security should sold). Fundamental analysis uses real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for many types of securities.

TECHNICAL REVIEW

A technical analysis is a method of evaluating securities that analyzes statistics generated by market activity, such as past prices and volume. Technical analysis does not attempt to measure a security's intrinsic value, but instead uses past market data and statistical tools to identify patterns that can suggest future activity. Historical performance of securities and the markets can indicate future performance.

CYCLICAL REVIEW

A cyclical analysis assumes the market reacts in reoccurring patterns that can be identified and leveraged to provide performance. Cyclical analysis of economic cycles is used to determine how these reoccurring patterns, or cycles, affect the returns of a given investment, asset, or company. Cyclical analysis is a time-based assessment which incorporates past and present performance to determine future value. Cyclical analyses exist because the broad economy has been shown to move in cycles, from periods of peak performance to periods of low performance. The risks of this strategy are two-fold: (1) the markets do not always repeat cyclical patterns; and (2) if too many investors begin to implement this strategy, it changes the very cycles of which they are trying to take advantage.

ECONOMIC REVIEW

An economic analysis determines the economic environment over a certain time horizon. This involves following and updating historic economic data such as U.S. gross domestic product and consumer price index as well as monitoring key economic drivers such as employment, inflation, and money supply for the world's major economies.

INVESTMENT STRATEGIES

When implementing investment advice to clients, the Firm may employ a variety of strategies to best pursue the objects of clients. Depending on market trends and conditions, PM will employee any

technique or strategy herein described, at the Firm's discretion and in the best interests of the client. The Firm does not recommend any particular security or type of security. Instead, the Firm makes recommendations to meet a particular client's financial objectives. There is inherent risk to any investment and clients may suffer loss of ALL OR PART of a principal investment.

LONG-TERM PURCHASES

Long-term purchases are securities that are purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long-term purchases may be affected by unforeseen changes in the company in which a client is invested or in the overall market. Long term trading is designed to capture market rates of both return and risk. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Due to its nature, the long-term 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, and political/regulatory risk.

SHORT-TERM PURCHASES

Short-term purchases are securities that are purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Short-term trading generally holds greater risk. Frequent trading can affect investment performance due to increased brokerage fees and other transaction costs and taxes.

STRATEGIC ASSET ALLOCATION

Asset allocation is a combination of several different types of investments; typically, this includes stocks, bonds, and cash equivalents among various asset classes to achieve diversification. The objective of asset allocation is to manage risk and market exposure while still positioning a portfolio to meet financial objectives.

DERIVATIVES AND MARGIN TRANSACTIONS

Passive Management may utilize derivative and margin transactions when requested by a client to do so.

A derivative is a financial security with a value that is reliant upon or derived from, an underlying asset or group of assets. The derivative itself is a contract between two or more parties, and the derivative derives its price from fluctuations in the underlying asset. The most common underlying assets for derivatives are stocks, bonds, commodities, currencies, interest rates, and market indexes. Derivatives can be used to hedge a position, speculate on the directional movement of an underlying asset, or give leverage to holdings. Their value comes from the fluctuations of the values of the underlying asset. Derivatives provide a way to lock in prices, hedge against unfavorable movements in rates, and mitigate risks—often for a limited cost. In addition, derivatives can often be purchased on margin, or borrowed funds. Derivatives involve risks as they are difficult to value because they are based on the price of another asset. Most derivatives are also sensitive to changes in the amount of time to expiration, the cost of holding the underlying asset, and interest rates. These variables make it difficult to perfectly match the value of a derivative with the underlying asset.

A margin transaction is when you borrow money from a broker to purchase stock. This is essentially a loan from your brokerage. Margin trading will allow you to buy more stock than you would have normally been able to. To trade on margin, you need a margin account. This is different from a regular cash account, in which you trade using the money in the account. You can keep your loan as long as you want, provided you fulfill your obligations such as paying interest on time on the borrowed funds. When you sell the stock in a margin account, the proceeds go to your broker against the repayment of the loan until it is fully paid.

USE OF OPTIONS TO PROTECT INVESTMENTS FROM MARKET CONDITIONS

Options are contracts that give the bearer the right, but not the obligation, to either buy or sell an amount of some underlying asset at a pre-determined price when or before the contract expires. Call options allow you to buy shares at a specific time and price point, and put options allow for the selling of shares at a certain time and price point. Options help prevent the risk of market volatility as they provide the opportunity to either sell or purchase the shares at a specified time. Options differ from stocks as they do not represent ownership in a stock. Options involve risks and are not suitable for everyone. Options trading can be speculative in nature and carries substantial risk of loss.

RISK OF LOSS

Investing inherently involves risk up to and including loss of the principal sum that clients should be prepared to bear. Further, past performance of any security is not necessarily indicative of future results. Therefore, future performance of any specific investment or investment strategy based on past performance should not be assumed as a guarantee. PM does not provide any representation or guarantee that the financial goals of clients will be achieved.

The potential return or gain and potential risk or loss of an investment varies, generally speaking, with the type of product invested in. Below is an overview of the types of products available on the market and the associated risks of each:

MARKET RISK

The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.

INTEREST-RATE RISK

Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds may become less attractive, causing their market values to decline.

INFLATION RISK

When inflation risk is present, the purchasing power of a sum of money may be greater presently than the same amount in the future.

PREPAYMENT RISK

The returns on the collateral for a loan or debt can change dramatically if the debtors prepay the loans earlier than scheduled.

REINVESTMENT RISK

Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

BUSINESS RISK

There may be risks associated with some industries, sectors, or companies within an industry or sector.

LIQUIDITY RISK

Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is a large market for a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

EQUITY (STOCK) MARKET RISK

The value of an equity security, such as company stock, is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates, and the market's perception of the security. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investments.

OPTIONS RISK

Options are contracts allowing a party the 'option' to buy or sell a security at a given price. Option securities are subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk.

USE OF MARGIN

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

FIXED-INCOME RISK

Prices of fixed income securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect fixed income security prices. The longer the effective maturity and duration of the client's portfolio, the more the portfolio's value is likely to react to interest rates.

EXCHANGE TRADED FUND ("ETF") AND MUTUAL FUND RISK

Mutual Funds are instruments that give small or individual investors access to professionally managed portfolios of equities, bonds, and/or other securities. Each shareholder participates proportionally in gains or losses. Factors which determine the price to invest in mutual fund shares include both the per share net asset value (NAV) and additional fees for operating the mutual fund. Investors may pay sales charges, annual fees, and other expenses regardless of performance, and investors typically cannot ascertain the exact composition of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the time of those trades.

ETFs represent an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 index. Unlike open-end mutual funds, the shares of ETFs and close-end investment companies are not purchased and redeemed by investors directly with the fund but instead are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the next asset value per share of the underlying portfolios of securities. In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETF's performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds, and other investment companies bear a proportionate share of the expenses of those funds including management fees, custodial and accounting costs, and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.

MANAGEMENT RISK

Any investment strategy may meet with varying degrees of success and/or failure. Specific securities as well as overall strategies may perform less than expected, which in turn may produce lower returns or decrease the investment principal.

ALTERNATIVE INVESTMENT RISK

Alternative investments include investment into partnerships, alternative mutual funds, non-traditional ETFs, managed futures, and/or real estate investments, as well as utilizing derivative instruments, such as options, futures, or index-based instruments, and/or leverage strategies. These investments entail a high degree of risk. It is possible to experience total loss or a substantial loss of principal investment. In the absence of a public market for these securities, there is lack of liquidity and an expected investment time horizon usually in excess of five years. There are no guarantees that distributions and/or payments of distributions will be received and can decrease or diminish overtime.

REAL ESTATE RELATED SECURITIES RISK

Investing in real estate related securities includes, among others, the following risks: possible declines in the value of real estate; risks related to general and local economic conditions, including increases in the rate of inflation; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; costs resulting from cleanup of and liability to third parties for damages resulting from environmental problems; casualty or condemnation losses; uninsured damages from floods, earthquakes, or other natural disasters; limitations on and variations in rent; and changes in interest rates. Investing in Real Estate Investment Trusts (“REITs”) involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs are dependent upon management skills, are not diversified, and are subject to heavy cash flow dependency, default by borrowers, and self-liquidation.

MUNICIPAL BOND RISK

Municipal securities issuers may face local economic or business conditions (including bankruptcy) and litigation, legislation, or other political events that could have a significant effect on the ability of the municipality to make payments on the interest or principal of its municipal bonds. In addition, because municipalities issue municipal securities to finance similar types of projects, such as education, healthcare, transportation, infrastructure, and utility projects, conditions in those sectors can affect the overall municipal bond market. Furthermore, changes in the financial condition of one municipality may affect the overall municipal bond market. The municipal obligations in which clients invest will be subject to credit risk, market risk, interest rate risk, credit spread risk, selection risk, call and redemption risk, and tax risk, and the occurrence of any one of these risks may materially and adversely affect the value of the client’s assets or profits.

STRUCTURED NOTE RISK

Structured products are designed to facilitate highly customized risk-return objectives. This is accomplished by taking a traditional security, such as a conventional investment grade bond, and replacing the usual payment features (e.g. periodic coupons and final principal) with non-traditional payoffs derived not from the issuer’s own cash flow, but from the performance of one or more underlying assets. The payoffs from these performance outcomes are contingent in the sense that if the underlying assets return “x,” then the structured product pays out “y.” This means that structured products closely relate to traditional models of option pricing, though they may also contain other derivative types such as swaps, forwards, and futures, as well as embedded features such as leveraged upside participation or downside buffers. Structured products include all risks from options, plus additional risks including counterparty risk, liquidity risk, pricing risk, and credit risk of the issuer.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of the advisory business or integrity of the Firm’s management.

Passive Management has no disciplinary disclosures. Arber Jashari, the owner and operator of Passive Management has no disciplinary disclosures.

Item 10 Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

PM is not registered and does not have an application pending to register, as a broker dealer and its management persons are not registered as broker/dealer representative.

B. Registration as a Futures Commission merchant, Commodity Pool Operator

PM and its management persons are not registered and do not have application pending to register, as a futures commission merchant, commodity pool operator/adviser.

C. Relationships Material to this Advisory Business and Possible Conflicts of Interest

PM does not have a relationship or arrangement that is material to its advisory business with related persons or firms outside of PM.

D. Selection Of Other Advisers

PM does not recommend or select other investment advisers for its clients.

Item 11 Code of Ethics, Conflicts of Interest, and Personal Trading

A. Fiduciary Status

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts. In addition, an investment adviser has a duty of utmost good faith to act solely in the best interest of each of its clients. Passive Management and its representatives have a fiduciary duty to all clients. Passive Management and its representatives' fiduciary duty to clients is considered the core underlying principle for Passive Management Code of Ethics and represents the expected basis for all representatives' dealings with clients. Passive Management has the responsibility to ensure that the interests of clients are placed ahead of it or its representatives' own investment interest. All representatives will conduct business in an honest, ethical, and fair manner. All representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the representatives' duty of complete loyalty to their clients.

B. Description of Code of Ethics

In view of applicable provisions of relevant law, PM has adopted a Code of Ethics in its Employee Policies and Procedures Manual to specify and prohibit certain types of transactions deemed to create

conflicts of interest (or the potential or appearance of such conflicts) and to establish reporting requirements and enforcement procedures relating to personal trading by PM personnel. The Code of Ethics is available to any client or prospective client upon request.

Passive Management has established a Code of Ethics which all representatives and those people defined as access persons must read and then execute an acknowledgement stating that they understand and agree to comply with.

C. Employee Trading

Passive Management or its representatives may buy or sell securities or have an interest or position in a security for their personal account, which they also may recommend to clients. Passive Management is and shall continue to be in compliance with state and federal Insider Trading and Securities Fraud laws. As these situations may represent a potential conflict of interest, it is a policy of Passive Management that no representative shall prefer his or her own account to that of the advisory client. Representatives may not trade the same security in their personal account on the same day as they trade it in a client's account unless the trades are executed in an average price account that allows all accounts to receive the same price, or if the client receives a better price than his or her representative.

Item 12 Brokerage Practices

A. Selection and Recommendation

PM has a duty to select brokers, dealers and other trading venues that provide best execution for clients. The duty of best execution requires an investment adviser to seek to execute securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances, taking into account all relevant factors. The lowest possible commission, while very important, is not the only consideration. The broker-dealer PM currently utilizes is Interactive Brokers. The firm has discretionary authority to determine the broker dealer to be used for the purchase or sale of securities for a clients account.

It is the policy of the Firm to seek best execution in all portfolio trading activities for all investment disciplines and products, regardless of whether commissions are charged. This applies to trading in any instrument, security, or contract including equities, bonds, and forward or derivative contracts.

The standards and procedures governing best execution are set forth in several written policies. Generally, to achieve best execution, PM considers the following factors, without limitation, in selecting brokers and intermediaries:

1. Execution capability;
2. Order size and market depth;
3. Availability of competing markets and liquidity;
4. Trading characteristics of the security;
5. Availability of accurate information comparing markets;

6. Quantity and quality of research received from the broker dealer;
7. Financial responsibility of the broker-dealer;
8. Confidentiality;
9. Reputation and integrity;
10. Responsiveness;
11. Recordkeeping;
12. Available technology; and
13. Ability to address current market conditions.

PM evaluates the execution, performance, and risk profile of the broker-dealers it uses at least annually.

B. Research and Other Soft Dollar Benefits

Soft dollar practices are arrangements whereby an investment adviser directs transactions to a broker-dealer in exchange for certain products and services that are allowable under SEC and New York rules. Client commissions may be used to pay for brokerage and research services and products as long as they are eligible under Section 28(e) of the Exchange Act of 1934. Section 28(e) sets forth a “safe harbor,” which provides that an investment adviser that has discretion over a client account is not in breach of its fiduciary duty when paying more than the lowest commission rate available if the adviser determines in good faith that the rate paid is commensurate with the value of brokerage and research services provided by the broker-dealer.

Passive Management does not currently have any soft dollar benefit arrangements.

C. Brokerage for Client Referrals

PM does not receive client referrals from third parties for recommending the use of specific broker-dealer brokerage services.

D. Directed Brokerage

We routinely recommend that you direct our firm to execute transactions through Interactive Brokers. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to utilize direct brokerage.

E. Order Aggregation

PM may, at times, aggregate sale and purchase orders of securities (“block trading”) for advisory accounts with similar orders in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the client. Clients also benefit relatively from better purchase or sale execution prices, or

beneficial timing of transactions or a combination of these and other factors. Aggregate orders will be allocated to client accounts in a systematic non-preferential manner. PM may aggregate or “bunch” transactions for a client’s account with those of other clients in an effort to obtain the best execution under the circumstances.

F. Trade Error Policy

PM maintains a record of any trading errors that occur in connection with investment activities of its clients. Both gains and losses that result from a trading error made by PM will be borne or realized by PM.

Item 13 Review of Accounts

A. Periodic Reviews

The Firm regularly reviews and evaluates client accounts for compliance with each client’s investment objectives, policies and restrictions. The Firm analyzes rates of return and allocation of assets to determine model strategy effectiveness. Such reviews are conducted by the Chief Compliance Officer of PM and shall occur at least once per calendar year.

B. Intermittent Review Factors

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or changes in the client’s financial status (such as retirement, termination of employment, relocation, inheritance, etc.). Clients are advised to notify PM promptly if there are any material changes in their financial situation, investment objectives, or in the event they wish to place restrictions on their account.

C. Reports

Clients may receive confirmations of purchases and sales in their accounts and will receive, at least quarterly, statements containing account information such as account value, transactions, and other relevant information. Confirmations and statements are prepared and delivered by the custodian.

Item 14 Client Referrals and Other Compensation

A. Other Compensation

PM does not receive any economic benefit from another person or entity for soliciting or referring clients.

B. Client Referrals

PM does not pay another person or entity for referring or soliciting clients for the Firm.

Item 15 Custody

A. Custodian of Assets

Custody means holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them. PM does not have direct custody of any client funds and/or securities. PM will not maintain physical possession of client funds and securities. Instead, clients' funds and securities are held by a qualified custodian.

While PM does not have physical custody of client funds or securities, payments of fees may be paid by the custodian from the custodial brokerage account that holds client funds pursuant to the client's account application. As part of the billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. The custodian does not calculate the amount of the fee to be deducted and does not verify the accuracy of PM's advisory calculation. Therefore, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation. Clients should contact PM directly if they believe that there may be an error in their statement.

The custodian PM currently utilizes is Interactive Brokers

Item 16 Investment Discretion

PM generally exercises full discretionary authority to supervise and direct the investments of a client's account. This authority will be granted by clients upon completion of PM's Client Agreement. This authority allows PM and its affiliates to implement investment decisions without prior consultation with the client. Such investment decisions are made in the client's best interest and in accordance with the client's investment objectives. Other than agreed upon management fees due to PM, this discretionary authority does not grant the Firm the authority to have custody of any assets in the client's account or to direct the delivery of any securities or the payment of any funds held in the account to PM. The discretionary authority granted by the client to the Firm does not allow PM to direct the disposition of such securities or funds to anyone except the account holder.

Item 17 Voting Client Securities

The Firm does not perform proxy voting services on the client's behalf. Clients are encouraged to read through the information provided with the proxy voting documents and to make a determination based on the information provided. Upon the client's request, Firm representatives may provide limited clarifications of the issues presented in the proxy voting materials based on his or her understanding of issues presented in the proxy voting materials. However, clients have the ultimate responsibility for making all proxy voting decisions.

Item 18 Financial Information**A. Balance Sheet Requirement**

PM is not the qualified custodian for client funds or securities and does not require prepayment of fees of more than \$1200 per client, six (6) months or more in advance.

B. Financial Condition

PM does not have any financial impairment that would preclude the Firm from meeting contractual commitments to clients.

C. Bankruptcy Petition

PM has not been the subject of a bankruptcy petition at any time during the last 10 years.