

EIGHT 31 FINANCIAL, LLC  
(“*Eight 31*”)

FORM ADV, PART 2A  
(the “*Brochure*”)

March 28, 2024

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Midland, Texas, 79705

This Brochure provides information about the qualifications and business practices of Eight 31. If you have any questions about the contents of this brochure, please contact us (432) 559-5592. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“*SEC*”) or by any state securities authority. Additional information about Eight 31 is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure does not constitute an offer, solicitation, or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of an offering memorandum and governing documents that contain the material terms relating to such investment, products, or services.

References herein to Eight 31 as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

### **Important Note About This Brochure**

This Brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by Eight 31;
- a complete discussion of the features, risks or conflicts associated with any account advised by Eight 31; or
- to be relied on in determining whether to establish an advisory relationship with Eight 31.

As required by the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), Eight 31 provides this Brochure to current and prospective clients prior to, or in connection with, those persons’ establishment or consideration of a client relationship.

Persons who receive this Brochure should be aware that it is designed solely to provide information about Eight 31 as necessary to respond to certain disclosure obligations under the Advisers Act. Therefore, the information in this Brochure may differ from information provided in the materials that govern an account relationship such as an advisory agreement.

**In no event should this Brochure be considered to be an offer of, or agreement to provide, advisory services directly to any recipient.**

## **ITEM 2: MATERIAL CHANGES**

Material changes made to this Brochure since the prior version, dated November 7, 2023, are as follows:

Item 4: Advisory Business was revised to update regulatory assets under management.

Item 9: Disciplinary Information was revised to remove disclosure of a now-settled arbitration.

*We encourage all clients to review this Brochure in its entirety.*

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## **ITEM 4: ADVISORY BUSINESS**

### ***Firm Overview***

Eight 31, a Texas limited liability company, is an investment adviser based in Midland, Texas. Eight 31 was formed in June 2023 and is primarily owned by Dane Edward Crunk through a family partnership, Crunk Family, LP, of which Mr. Crunk and Sally Smith Crunk are beneficial owners. The manager of Eight 31 is Eight 31 Capital Management, LLC, the sole manager of which is Mr. Crunk. Eight 31 is also referred to in this Brochure as “Adviser” or “Firm”.

### ***Types of Advisory Services***

Eight 31 provides advisory and investment management services to separately-managed account clients. The Firm considers each client’s unique situation including individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program are tailored to each client based on their investment objective, risk tolerance, and various other factors.

Clients may authorize Eight 31 with discretionary authority to execute their investment programs as stated within the Investment Advisory Agreement (“Advisory Agreement”).

The Firm provides ongoing monitoring and review of account performance and asset allocation as compared to the client’s investment objectives and may periodically rebalance an account based upon these reviews. Eight 31’s investment strategy is further described under Item 8, Methods of Analysis, Investment Strategies and Risk of Loss. Please refer to the Investment Strategies, Methods of Analysis, and Risk of Loss section for a more detailed description of the Firm’s investment strategy.

### ***Client Tailored Services and Client Imposed Restrictions***

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objectives. This must be done in writing and be signed by the client and the Firm. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without written client consent.

### ***Wrap Fee Programs***

The client can engage the Firm to provide investment advisory services generally on a wrap fee basis only. (See discussion below). If a client engages the Firm on a wrap fee basis, the client will pay a single fee for investment advisory services, brokerage and custody, inclusive of commission and transactions costs. The services included in a wrap fee agreement will depend upon each client’s particular need.

Before engaging the Firm to provide investment advisory services, clients are required to enter into an investment advisory agreement with the Firm setting forth the terms and conditions of the engagement describing the scope of services to be provided and the compensation to be paid to the Firm.

Firm’s wrap fee shall include investment advisory services and generally does not include consulting services. In the event that the client requires planning or consulting services, the client may request the Firm to perform such additional services pursuant to a stand-alone consulting services agreement (see below). In limited instances, Firm may be engaged to provide investment advisory and consulting services for a single fee. In such instances, the fee payable by the client shall be the greater of the client’s annual asset-based fee or a separately negotiated minimum annual fee. If a client is subject to the negotiated minimum annual fee, such client’s fee could exceed the fee referenced in Item 5 below.

To begin the investment advisory process, an investment adviser representative will first determine each

client's investment objectives and then invest client's assets consistent with their investment objectives. Once invested, the Firm provides ongoing monitoring and review of account performance and asset allocation as compared to the client's investment objectives and may periodically rebalance an account based upon these reviews. As appropriate in accordance with the client's investment objectives, the Firm primarily invests or recommends that client invest in: various independent investment managers, open-end mutual funds, exchange-traded funds ("ETFs"), private funds, individual debt and equity securities, options, securities components of variable annuities and variable life insurance contracts.

### ***Eight 31 Partners Wrap Program***

The Firm provides investment advisory services on a wrap fee basis in accordance with the Firm's investment advisory wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to the Program are discussed in the Wrap Fee Program Brochure, which is presented to all existing and prospective Program participants. Under the Program, the Firm offers participants discretionary investment advisory services and certain non-discretionary advisory services for legacy clients for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment advisory fees. Pershing Advisor Solutions, LLC ("Pershing") shall serve as the custodian for Program accounts.

Wrap Program-Conflict of Interest. Firm provides services on a wrap fee basis as a wrap program sponsor. Under Firm's wrap program, the client generally receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the client more or less than purchasing such services separately. The terms and conditions of a wrap program engagement are more fully discussed in Firm's Wrap Fee Program Brochure.

Because wrap program transaction fees and/or commissions are being paid by Firm to the account custodian/broker-dealer, the Firm could have an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account. See separate Wrap Fee Program Brochure.

### ***Other Investment Programs***

#### **Dynasty**

The Firm has entered into a contractual relationship with Dynasty Financial Partners, LLC ("Dynasty"), which provides the Firm with operational and back-office support including access to a network of service providers. Through the Dynasty network of service providers, the Firm may receive preferred pricing on trading technology, reporting, custody, brokerage, compliance and other related services.

In addition, Dynasty's subsidiary, Dynasty Wealth Management, LLC ("DWM") is an SEC registered investment adviser, provides access to a range of investment services including: separately managed accounts ("SMA"), mutual fund and ETF asset allocation strategies, and unified managed accounts ("UMA") managed by external third party managers (collectively, the "Investment Programs"). The Firm may separately engage the services of Dynasty and/or its subsidiaries to access the Investment Programs. Under the SMA and UMA programs, the Firm will maintain the ability to select the specific, underlying third party managers that will, in turn, have day-to-day discretionary trading authority over the requisite client assets.

Dynasty charges a "Platform/Program Fee," which, unless otherwise disclosed, the client will be charged, separate from and in addition to such client's annual investment management fee as described in Item 5 below. This arrangement presents a conflict of interest because the Firm can use Investment Programs with higher Platform Fees that will not affect the Firm's annual investment management fee. This conflict is mitigated because the Firm does not receive any portion of the Platform Fees paid directly to Dynasty or

the service providers made available through its platform and therefore, the Firm is free to choose the Investment Program that best suits the clients' needs.

Dynasty and DWM offer an investment management platform (the "Platform" or the "TAMP") that is available to the advisers in the Dynasty Network, such as the Firm. Through the Platform, DWM and Dynasty collectively provide certain technology, administrative, operations and advisory support services that allow advisers to manage their own portfolios and access independent third-party managers that provide discretionary services in the form of traditional managed accounts and investment models. The Firm can allocate all or a portion of client assets among the different independent third-party managers via the Platform. The Firm may also use the model and/or overlay management feature of the TAMP by creating their own asset allocation model and underlying investments that comprise the model. Through the model management feature, advisers may be able to outsource the implementation of trade orders and periodic rebalancing of the model when needed.

The Firm will maintain the direct contractual relationship with each client and obtain, through such agreements, the authority to engage independent third-party managers, DWM and/or Dynasty, as applicable, for services rendered through the Platform in service of such client. The Firm may delegate discretionary trading authority to DWM and/or independent third-party managers to effect investment and reinvestment of client assets with the ability to buy, sell or otherwise effect investment transactions and allocate client assets. If a client is participating in certain Investment Programs, DWM or the designated manager, as applicable, is also authorized without prior consultation of the Firm or the client to buy, sell, trade or allocate such client's assets in accordance with the client's designated portfolio and to deliver instructions to the designated broker-dealer and/or custodian of such client's assets.

In providing investment advice and portfolio management services to clients, the Firm acts as an investment adviser and fiduciary to and on behalf of each client and not as an agent of Dynasty or DWM.

### **Stone Castle**

Stone Castle FICA Program. The Firm may recommend the FICA For Advisors cash management program ("FICA Program") offered by StoneCastle Network, LLC ("StoneCastle"), an affiliate of StoneCastle Cash Management, LLC. The FICA Program is designed to protect client money by placing it in deposit accounts at banks, savings institutions and credit unions (collectively, "Insured Depositories") in a manner that maintains full insurance of the funds by the Federal Deposit Insurance Corporation ("FDIC") or National Credit Union Administration ("NCUA"), as is applicable. Clients who choose to participate in the FICA Program will have their funds deposited within StoneCastle's network of Insured Depositories ("Deposit Network"). StoneCastle does not require a minimum deposit to open a FICA Program account. The Firm will assist clients in signing up for the FICA Program and facilitating the transfer of funds between the client's like-named accounts.

Conflict of Interest: The Firm may earn a fee, in addition to its advisory fee charged on client assets participating in the FICA Program, from StoneCastle, based upon client participation in the FICA Program.

### **Assets Held Away**

We may leverage an order management system through Pontera, a third-party platform to facilitate the management of held away assets such as defined contribution plan participant accounts, to implement investment selection and rebalancing strategies on behalf of the client in held away accounts (*i.e.*, accounts not directly held with our recommended custodian). These are primarily 401(k) accounts, HSAs, 403bs, 529 education savings plans, 457 plans, profit sharing plans, and other assets not custodied with our recommended custodian. We regularly review the available investment options in these accounts, monitor

them, and rebalance and implement our strategies in the same way we do other accounts, though using different tools as necessary.

### ***Client Assets Under Management***

As of December 31, 2023, Eight 31 manages \$177,797,867 in discretionary assets and \$0 in non-discretionary assets.

## **ITEM 5: FEES AND COMPENSATION**

### ***Fee Schedule***

The Firm charges investment advisory fees as a percentage of assets under management as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
Accounts valued \$5,000,000 and below	Up to 2.00%
Accounts valued between \$5,000,000 and \$10,000,000	Up to 1.65%
Accounts valued between \$10,000,000 and \$24,999,999	Up to 1.40%
Accounts valued at \$25,000,000	Up to 1.25%
Accounts valued in excess of \$25,000,000	Negotiable

The Firm, in its discretion, may charge a lesser investment advisory fee, charge hourly or flat fees, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (*i.e.*, anticipated future earning capacity or additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, employees and family members, courtesy accounts, competition, negotiations with client, etc.). As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. Fees may be waived for accounts of Firm employees and their relatives. Fees may also be waived for 529 or other similar college savings plan accounts.

The Firm's annual investment advisory fee is prorated and paid monthly, in arrears, based upon the market value of the account on the last business day of the previous month. Except as discussed above and for assets managed via the Pontera platform, which are subject to an annual minimum fee of \$2,500, the Firm does not require any minimum annual fee for investment advisory services. Clients may elect to have the Firm's advisory fees deducted from their custodial accounts. In the limited instances that the Firm bills the client directly, payment is due upon receipt of the Firm's invoice.

As discussed above, the Firm uses Dynasty's TAMP services. Clients will be charged, separate from and in addition to their investment management fee, the TAMP fee; mutual fund and ETF fees imposed directly at the fund level (*e.g.*, management fees and other fund expenses), and any applicable independent third-party manager fees. The Firm does not receive any portion of the fees paid directly to Dynasty or the service providers made available through its platform, including the independent third-party managers.

The independent third-party manager fees are determined by the particular program(s) and manager(s) with which the client's assets are invested and are calculated based upon a percentage of client assets under management, as applicable. Independent fixed income manager fees generally range from 0 - 0.90% annually, and independent equity manager fees generally range from 0.00% - 1.50% annually.

Client will note the total fee reflected on their custodial statement will represent the sum of our investment management fee, Platform Fee(s), and independent third-party manager fee(s), accordingly. The client should review such statements to determine the total amount of fees associated with their requisite investments, and clients should review their investment management agreement with us to determine the



investment management fee the client pays to us.

If the Firm uses Dynasty's TAMP, our annual fee with respect to TAMP assets is billed and payable on a pro-rata basis, quarterly in advance, based upon the market value of the assets being managed by the Firm on the last day of the previous quarter. Fee adjustments will be made for deposits and withdrawals in excess of \$50,000 during the quarter. If the investment management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the management fee is payable in proportion to the number of days in the quarter for which you are a client. In the event the portfolio management agreement is terminated, the fee for the final billing period will be prorated through the effective date of termination, and the outstanding or unearned portion of the fee will be charged or refunded to you, as appropriate. Our management fee is negotiable, depending on individual client circumstances.

### ***Termination***

An advisory agreement with a client generally is open-ended with no specific termination date. Either a client or the Firm generally may terminate an investment advisory agreement at any time upon notice of such termination to the non-terminating party. Any unearned advisory fees that were prepaid by a client generally would be refunded to such client in connection with such termination (except as otherwise set forth in the advisory agreement).

### ***Consulting Services***

The Firm may provide consulting services (on investment and non-investment related matters) on a stand-alone fee basis. The Firm's consulting fees are negotiable, and the Firm may be engaged on a fixed fee or hourly basis, but its hourly fees generally range from \$150 to \$500, depending upon the level and scope of the services required and the professionals rendering the services.

### ***Brokerage Commissions, Custodial Fees and Other Fees***

Each client is generally responsible for and pays all brokerage commissions and other transaction costs. While Eight 31 does not have any formal soft dollar arrangements, it may receive research and brokerage services in connection with its overall economic relationship with broker-dealers, including non-trading and execution services. **See "Item 12: Brokerage Practices"** below for a discussion of Eight 31 soft dollar practices and a description of the factors that Eight 31 considers in selecting counterparties for the execution of transactions.

Broker-dealers and custodians may charge brokerage commissions, margin interest, transaction fees, and other related costs on the purchases or sales of mutual funds, equities, bonds, options, and ETFs. Mutual funds, money market funds and ETFs also charge internal management fees, which are disclosed in the fund's prospectus. The Firm does not receive any compensation from these fees. All of these fees are in addition to the management fee paid to the Firm. For more details on the brokerage practices, see Item 12 of this brochure.

### ***Assets Held Away***

For assets held at a custodian that is not directly accessible by our firm ("Held Away Accounts"), we may, but are not required to, manage these Held Away Accounts using the Pontera order management system that allows our firm to view and manage assets. Our annual fee for investment management services for held away accounts will follow our portfolio management fee schedule and termination instructions as noted above. Our advisory fees will not be deducted directly from the accounts managed through the Pontera. The client does not pay an additional fee for Pontera. Fees will be based upon your negotiated fee in accordance

with our portfolio management fee schedule and your agreement. Clients will give written authorization to deduct the fee from an account managed by our Firm, in which case, the advisory fee would be deducted from the account each quarter. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements and invoices for accuracy. The annual fee for Held Away Accounts is 1.25% of the market value of the assets under management via the Pontera platform, subject to an annual minimum fee of \$2,500. We pay 0.25% from our advisory fee to Pontera. Due to the use of Pontera, you will not pay our firm a higher advisory fee other than what is listed above.

### ***Compensation for the Sale of Securities or Other Investment Products***

Neither Eight 31 nor any of its supervised persons accept compensation for the sale of securities or other investment products.

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

Eight 31 currently does not manage accounts for which it is entitled to receive performance-based compensation (*i.e.*, fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **ITEM 7: TYPES OF CLIENTS**

Eight 31 provides advisory services to clients which are generally individuals, individuals, high net worth individuals, the Funds, pension and profit-sharing plans, charitable organizations, and corporations or other businesses. Eight 31 has a specified minimum account size of \$1,000,000, though this is subject to the Firm's discretion.

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

Following is a summary of the investment strategies and risks involved in Eight 31's investment activities. These risk factors are not a complete description of the risks associated with the Eight 31's investment programs.

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

To begin the investment advisory process, an investment adviser representative will first determine each client's investment objectives and then invest client's assets consistent with their investment objectives. Once invested, the Firm provides ongoing monitoring and review of account performance and asset allocation as compared to the client's investment objectives and may periodically rebalance an account based upon these reviews. As appropriate in accordance with the client's investment objectives, the Firm primarily invests or recommends that client invest in various independent investment managers, open-end mutual funds, ETFs, private funds, individual debt and equity securities, options, securities components of variable annuities and variable life insurance contracts.

The Firm may use any combination of the following when analyzing securities or third-party managers:

- Research
  - Public, private and proprietary information;
  - Reviewing third party fundamental and macro analysis;
  - Reviews of academic research papers;
  - Technical research
  - Formulating views and opinions around economic and geopolitical developments.

- Strategy Development and Implementation
  - Identify preferable investment space in the market;
  - Focus on styles and market segments where the dispersion between managers is significant – hire active managers for these pieces;
  - Where the dispersion between managers is minimal, allocate funds to passive managers;
  - Proprietary strategies are also managed next to external managers; and,
- Risk Management
  - Risk management is based upon the client’s risk tolerance, allocations, and rebalancing of the client’s portfolio.

The Firm may utilize the following investment strategies when implementing investment advice given to clients:

- Long-Term Purchases – securities purchased with the intention of being held for at least a year;
- Short-Term Purchases – securities purchased with the intention of being sold within a year;
- Trading – securities purchased with the intention of being sold within thirty days; and
- Derivatives – the use of swaps, forwards, futures, options on futures and other options

### ***Investment Risks***

All investment programs have certain risks that are borne by the investor. There can be no assurance that client portfolios will achieve their investment objectives or that investments will be successful. Past performance is not a guarantee of future returns. The Firm’s investment approach constantly keeps the risk of loss in mind. Investing in securities involves risk of loss that clients should be prepared to bear.

Investors face the following material investment risks and should discuss these risks with Eight 31:

- General Economic and Market Conditions: The success of a client portfolio’s activities will be affected by general economic and market conditions, such as changes in interest rates, availability of credit and debt-related issues, inflation rates, economic uncertainty, market volatility, changes in laws (including laws relating to taxation investments), trade barriers, unemployment rates, release of economic data, currency exchange controls and national and international political circumstances (including wars, terrorist acts, natural disasters or security operations). These factors may affect the level and volatility of securities prices and the liquidity of portfolio investments. Volatility and/or illiquidity could impair profitability or result in losses. Portfolios could incur material losses even if Eight 31 reacts quickly to difficult market and economic conditions, and there can be no assurance that portfolios will not suffer material losses and other adverse effects from broad and rapid changes in economic and market conditions in the future. Investors should realize that markets for the financial instruments in which portfolios seek to invest can correlate strongly with each other at times or in ways that are difficult for Eight 31 to predict. Even a well-analyzed approach may not protect portfolios from significant losses under certain market conditions.
- Market Risk: The prices of securities in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; currency, interest rate and commodity price fluctuations, supply chain disruptions, sanctions, and trade barriers. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value. The recent conflict between Ukraine and Russia, and the sanctions recently adopted by the United States, the European Union and other countries present significant economic, market and other risks.
- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For

example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Inflation Risk:** When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that 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.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk –** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Management Risk:** The Firm's investment approach may fail to produce the intended results. If the Firm's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the client's portfolio may suffer.
- **Equity Risk:** Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- **Fixed Income Risk:** The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- **Investment Companies Risk:** When a client invests in open end mutual funds or ETFs, the client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Firm has no control over the risks taken by the underlying funds in which client invests.
- **REIT Risk:** To the extent that a client invests in real estate investment trusts ("REITs"), it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain

exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

- **Derivatives Risk:** Funds in a client's portfolio may use derivative instruments. The value of these derivative instruments derives from the value of an underlying asset, currency or index. Investments by a fund in such underlying funds may involve the risk that the value of the underlying fund's derivatives may rise or fall more rapidly than other investments, and the risk that an underlying fund may lose more than the amount that it invested in the derivative instrument in the first place. Derivative instruments also involve the risk that other parties to the derivative contract may fail to meet their obligations, which could cause losses.
- **Foreign Securities Risk:** Client portfolios and funds in which clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- **Long-term purchases:** Long-term investments are those vehicles purchased with the intension of being held for more than one year. Typically, the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- **Short-term purchases:** Short-term investments are typically held for one year or less. Generally, there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.
- **Trading risk:** Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- **Options Trading:** The risks involved with trading options are that they are very time sensitive investments. An options contract is generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires). Additionally, options are less tangible than some other investments. An option is a "book-entry" only investment without a paper certificate of ownership.
- **Trading on Margin:** In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the client will be required to deposit additional cash or make full payment of the margin loan to bring account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.
- **Leveraged Risk:** The risks involved with using leverage may include compounding of returns (this works both ways – positive and negative), possible reset periods, volatility, use of derivatives, active trading and high expenses.
- **Private Equity/Placement Risk:** Because offerings are exempt from registration requirements, no regulator has reviewed the offerings to make sure the risks associated with the investment and all material facts about the entity raising money are adequately disclosed. Securities offered through

private placements are generally illiquid, meaning there are limited opportunities to resell the security. Risk of the underlying investment may be significantly higher than publicly traded investments.

- Sub-Advisers: The risks associated with utilizing Sub-Advisers include manager risk, where a Sub-Adviser fails to execute the stated investment strategy, and business risk, where a Sub-Adviser has financial or regulatory problems.
- Cyber Security Breaches and Identity Theft: The Firm's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Firm has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors. Such a failure could harm the Firm's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.
- Epidemics, Pandemics, and Public Health Issues. The Firm's business activities, operations and client investments could be adversely affected by the outbreaks of epidemics and pandemics. A recurrence of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally, which would adversely affect the business, financial condition and operations of the Firm. Should these or other major public health issues, including pandemics, arise or spread farther, the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Firm's operations or business and governmental actions limiting the movement of people between regions and other activities or operations.
- Force Majeure & Catastrophic Risks. The Firm may be subject to operational risk from unforeseeable and uncontrollable catastrophic events, including fires, floods, earthquakes, adverse weather conditions and related power outages, water shortages or other damage caused by such events, changes in law, eminent domain, wars, riots, terrorist attacks, and other similar risks, which may be uninsurable or insurable at rates that the Firm deems uneconomic. These events could result in loss and litigation, among other potentially detrimental effects. In February 2022, armed conflict escalated between Russia, and Ukraine and Russia invaded Ukraine. In response to Russia's invasion of Ukraine, the United States, the European Union and various other countries have announced, and continue to announce and expand, sanctions against or targeting Russia and various important Russian people and companies. These sanctions currently include, among others, restrictions or bans on selling or importing goods, services or technology in or from Russia, bans on Russian energy imports, and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia. The U.S. and other countries could impose wider or more significant sanctions and take other actions against Russia or its interests should the conflict further escalate or deteriorate. The Ukraine-Russian conflict has led to, and may continue to lead to, significant political, geopolitical, economic and market turmoil and volatility, including dramatic increases in oil and gas prices and further supply chain disruptions. It is not possible to predict the broader consequences of this conflict or the sanctions imposed or applied as a result thereof, which could include further sanctions, embargoes, regional instability, geopolitical shifts, conflicts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact clients or the Firm's business, financial condition and results of operations.
- Disruption in the Financial Services Industry. The Firm's ability to make and consummate investments and engage in other activities and transactions could be adversely affected by the actions and stability of banks and other financial institutions. Banks and financial institutions are

interrelated as a result of trading, clearing, counterparty and various other relationships. As a result, defaults or failures by, or even rumors or questions about or regarding, one of more banks or financial institutions, or the industry generally, have historically led to market-wide liquidity and other problems. Losses of depositor, creditor and counterparty confidence could lead to losses or defaults by clients and their investments and other banks and financial institutions (including banks and financial institutions that clients and their investments deal or interact with). There is no guarantee that the Department of Treasury, Federal Deposit Insurance Corporation, Securities Investor Protection Corporation and/or the Federal Reserve will provide access to uninsured funds in the future in the event of the closure of other financial institutions (or do so in a timely fashion), and it is uncertain whether these steps by the government will be sufficient to calm the financial markets, reduce the risk of significant depositor withdrawals at other institutions and thereby reduce the risk of additional bank failures.

**THE PRECEDING DISCLOSURE REGARDING RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OR EXPLANATION OF THE RISKS ASSOCIATED WITH AN INVESTMENT THROUGH EIGHT 31. SUBSTANTIAL ADDITIONAL RISKS MAY BE PRESENT IN CONNECTION WITH AN INVESTMENT THROUGH EIGHT 31. AN INVESTMENT THROUGH EIGHT 31 COULD RESULT IN A COMPLETE AND TOTAL LOSS.**

#### **ITEM 9: DISCIPLINARY INFORMATION**

There are no legal or disciplinary events to report regarding Eight 31 or any of its directors, executive officers, or principals regarding any criminal or civil actions in a domestic, foreign, or military court.

Neither Eight 31 nor any of its directors, executive officers, or principals has been involved in any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Neither Eight 31 nor any of its directors, executive officers, or principals has been involved in any self-regulatory organization proceedings.

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

##### ***Affiliated Entities***

Mr. Crunk is indirectly, through an entity of which he is an owner, an owner of Syntal Capital Partners, LLC (“Syntal”). The Firm does not provide any investment advisory services with respect to Syntal. Clients of Syntal may become clients of Eight 31, and Eight 31 may recommend the same or similar investments to such clients. That notwithstanding, the Firm’s fiduciary duty is with respect to its clients, and any investment recommendations made to the Firm’s clients are based on the clients’ unique situations including individual investment goals, time horizons, objectives, and risk tolerance, among other factors. Mr. Crunk (and certain of his respective affiliates or family partnerships) are entitled to share in certain of the fees and/or carried interest distributions payable or distributable with respect to various pooled investment vehicles managed by Syntal.

Eight 31 Capital, LLC is a multi-family office owned and controlled by Mr. Crunk. Clients of Eight 31 Capital, LLC may become clients of Eight 31. That notwithstanding, the Firm’s fiduciary duty is with respect to its clients, and any investment recommendations made to the Firm’s clients are based on the clients’ unique situations including individual investment goals, time horizons, objectives, and risk tolerance, among other factors.

Eight 31 will devote the time to its clients' affairs as is consistent with achieving their investment objectives. However, except as otherwise provided in agreements with clients, Eight 31 and any of its affiliates may engage in any activity permitted by applicable law.

### ***Other Entities***

#### **Dynasty**

As described in Item 4 above, Eight 31 maintains a business relationship with Dynasty. Dynasty offers operational and back-office core service support including access to a network of service providers. Through the Dynasty network of service providers, Eight 31 may receive preferred pricing on trading technology, transition support, reporting, custody, brokerage, compliance, and other related consulting services.

To the extent that Eight 31 utilizes Dynasty's services, of which some services will be provided by DWM, a wholly-owned SEC registered investment adviser subsidiary, this relationship may potentially present certain conflicts of interest due to the fact that Dynasty is paid by Eight 31 or its clients for the services referenced above. In light of the foregoing, Eight 31 seeks at all times to ensure that any material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with its clients' best interests. Eight 31 does not receive any portion of the fees paid directly to Dynasty, its affiliates or the service providers made available through Dynasty's platform. In addition, Eight 31 reviews such relationships, including the service providers engaged through Dynasty, on a periodic basis in an effort to ensure clients are receiving competitive rates in relation to the quality and scope of the services provided.

#### **Stone Castle**

The Firm and its representatives may refer clients to invest in a high-yield federally insured cash account operated by Stone Castle Cash Management, LLC. The Firm may receive compensation for client participation in this product, such as an advisory fee or a percentage of the yield associated with this product.

A recommendation by the Firm that a client participate in this product presents a conflict of interest, as the receipt of related compensation may provide an incentive to recommend the product based on such compensation, rather than on a particular client's need. The client is not under any obligation to purchase this or any product(s) or services recommended by the Firm or its representatives. Clients are reminded that they may purchase or select other potentially similar products or services recommended by the Firm through parties from which the Firm does not stand to receive any additional benefit or compensation.

### ***Other Activities***

Eight 31 employees are generally expected to devote their full professional time and efforts to the business of Eight 31 and its affiliates and avoid activities that could present actual or perceived conflicts of interest. Eight 31's employees may from time-to-time serve on boards or committees or have other outside activities that are unrelated to Eight 31's business activities. Eight 31's employees must generally disclose all pre-existing outside activities and obtain prior approval for new outside activities. Please refer to Item 11 – Code of Ethics for a further discussion on potential conflicts of interest.

### ***Other Registrations***

Neither Eight 31 nor any of its affiliates or related persons is registered, or has an application pending to register, as a securities broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator or commodity trading advisor.



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

In performing its advisory services, Eight 31 may give advice and take action with respect to any of its client accounts that may differ from actions taken by Eight 31 on behalf of other clients accounts. Client accounts may invest in the same investments as other client accounts consistent with the terms of each client's advisory agreement. Eight 31 has implemented policies and procedures relating to personal securities transactions and insider trading that are designed to identify potential conflicts of interest, to prevent or mitigate actual conflicts of interest and to resolve conflicts appropriately, if they do occur.

### ***Code of Ethics***

The Firm and its supervised persons have committed to a Code of Ethics (the "Code"), the purpose which is to set forth standards of conduct expected of supervised persons and addresses conflicts that may arise. The Code defines acceptable behavior for supervised persons of the Firm. The Code reflects the Firm's and its supervised persons' responsibility to act in the best interest of their clients. The Code applies to "access" persons. "Access" persons are supervised persons who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The Code addresses supervised persons' buying or selling securities for their personal accounts and how to mitigate any conflict of interest with clients. The Firm does not allow any supervised persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

The Firm's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other supervised person, officer or director of the Firm may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

The Firm's Code is based on the guiding principle that the interests of the client are its top priority. The Firm has a fiduciary duty to its clients and must diligently perform that duty to maintain the complete trust and confidence of such clients. When a conflict arises, the Firm has an obligation to put the client's interests over the interests of either supervised persons or the company.

The Firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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

The Firm and its supervised persons do not recommend to clients securities in which we have a material financial interest.

### ***Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest***

The Firm and its supervised persons may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as trading ahead of client transactions, access persons are required to disclose all reportable securities transactions as well as provide the Firm with copies of their brokerage statements or other documentation of reportable securities holdings and activity. The Firm conducts personal trading reviews to ensure that the personal trading of access persons does not affect the markets and that clients of the Firm receive preferential treatment over associated persons' transactions.

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

The Firm does not maintain a Firm proprietary trading account and does not have a material financial interest in any securities being recommended. However, supervised persons may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, supervised persons are required to disclose all reportable securities transactions as well as provide the Firm with copies of their brokerage statements or other documentation of reportable securities holdings and activity.

### ***Principal & Affiliate Transactions***

Neither Eight 31 nor any Eight 31 affiliate may engage in any principal transaction with a client unless it complies with applicable law and relevant policies and procedures. Eight 31 generally does not currently engage in principal transactions with clients and does not expect to engage in any principal transactions with clients in the future.

## **ITEM 12: BROKERAGE PRACTICES**

### ***Selecting Brokerage Firms***

Eight 31 may be authorized by clients to determine the broker or dealer to be used for each securities transaction for its client portfolios. In selecting brokers or dealers to execute transactions, Eight 31 need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Eight 31's practice to negotiate "execution only" commission rates, thus the client portfolios may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Although Eight 31 will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable by the Firm and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of these products or services and the determination of the appropriate allocation in the case of "mixed use" products or services create a potential conflict of interest between Eight 31 and Investors.

The Firm generally recommends that investment advisory accounts be maintained at Pershing. Prior to engaging Firm to provide investment advisory services, the client will generally be required to enter into a formal wrap fee agreement with Firm setting forth the terms and conditions under which Firm shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Factors that Firm considers in recommending Pershing (or any other broker-dealer/custodian to clients) include historical relationship with Firm, financial strength, reputation, execution capabilities, pricing, research, and service. Broker-dealers can charge transaction fees for effecting certain securities transactions (See Item 4 above). To the extent that a transaction fee will be payable by the client, the transaction fee shall be in addition to Firm's investment advisory fee referenced in Item 5 above.

For wrap accounts, the Firm has fee schedules with Pershing that provide for either transaction-based or asset-based pricing. Under these arrangements, the Firm can make as many transactions as it deems necessary for the client's accounts. Advisory clients who choose to engage the Firm on a wrap-fee basis will not incur transaction fees and commissions in addition to the Firm's wrap-fee. However, all client accounts may invest in mutual funds (including money market funds) and ETFs that have various internal fees and expenses (*i.e.*, management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by the Firm. Because wrap program transaction fees and/or commissions are being paid by Firm to the account custodian/broker-

dealer, the Firm could have an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account. See separate Wrap Fee Program Brochure.

### ***Best Execution***

In placing orders for the purchase and sale of securities, Eight 31 seeks best execution, which includes both commissions and execution prices as well as other non-quantitative factors including but not limited to execution capabilities, financial responsibility, and responsiveness to the adviser. Orders are placed with brokers or dealers which Eight 31 believes to be reasonable and provide effective execution of portfolio orders under conditions most favorable to the portfolios.

### ***Soft Dollar Practices***

Section 28(e) of the Exchange Act is a “safe harbor” that permits an adviser to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics, trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

The Firm receives and may receive from Pershing (and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors) free or discounted support services and products. Certain of these products and services assist the Firm to better monitor and service client accounts maintained at these institutions. The support services that the Firm obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by the Firm to further its investment management business operations. Benefits provided by Pershing are enumerated under *Pershing – Eligible Transition, Marketing and Technology Services* below. Certain of the support services or products received are of value and benefit to the Firm and may assist the Firm in managing and administering client accounts. Others do not directly provide this assistance, but rather assist the Firm to manage and further develop its business enterprise.

The Firm’s clients do not pay more for investment transactions effected or assets maintained at Pershing or other broker-dealers and custodians because of these arrangements. There is no corresponding commitment made by the Firm to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements.

Pershing has agreed to provide the Firm a payment of \$20,000 premised upon expected net new assets of \$80,000,000 in Fiduciary’s accounts held at Pershing within a year from the effective date of their agreement. In the event that the Firm’s minimum assets held at Pershing decline by more than 25% during the term of the agreement with the Firm, Pershing reserves the right to require repayment of some or all of the benefit payments made by Pershing during the one-year period. The benefit payment may only be used to pay invoices for eligible services and shall be paid by Pershing directly to third-party vendor providers

upon submission of vendor invoices and subject to Pershing's approval.

*Pershing – Eligible Transition, Marketing and Technology Services*

- Termination fees to legacy provider;
- Postage / Express Mail for account on-boarding client packages, etc.;
- Internal/ external resources to complete client paperwork (e.g., temp/admin assistance);
- Training for the advisory Firm's employees and/or end clients;
- Technology set-up/integration installation related to advisory Firm's transition;
- Software required to connect to Pershing Advisor Solutions LLC systems (customer relationship management (CRM)/Portfolio Management, NetX360, etc.);
- Order entry management software or systems;
- Transaction monitoring;
- Portfolio review;
- Website creation, development, updates;
- Marketing materials, collateral, communications;
- Client appreciation events;
- Client education events; and,
- Recruiter fees.

Eight 31 does not have any formal soft dollar arrangements or agreements with broker-dealers. Eight 31 may receive research and brokerage services in connection with its overall economic relationship with broker-dealers, including non-trading and execution services, rather than in connection with specific commissions generated. Eight 31's broker-dealers do not accrue soft dollar credits according to Eight 31's brokerage transactions with the broker-dealers. Further, Eight 31 does not receive any mixed-use soft dollar items as it does not receive any items from broker-dealers that are used for any purpose other than Eight 31's investment management decision-making process. Accordingly, Eight 31's receipt of research and services from broker-dealers is consistent with the Section 28(e) safe harbor. While Eight 31 has not received any mixed-use services to date, Eight 31's Best Execution Procedures require that in the event Eight 31 receives any mixed-use services in the future, it should take reasonable steps to allocate the cost of such mixed-use service between itself and its clients.

Although Eight 31 does not have any formal soft dollar arrangements or agreements with broker-dealers, Eight 31's practice of receiving research and brokerage services in connection with its overall economic relationship with broker-dealers, including non-trading and execution services, creates conflicts of interest. The products or services acquired may not be exclusively for the benefit of client portfolios that traded with the broker-dealer and that may primarily or exclusively benefit Eight 31. If Eight 31 can acquire these products and services without expensing its own resources (including management fees paid by clients), it would tend to increase Eight 31's profitability.

Furthermore, Eight 31 may have an incentive to select or recommend brokers based on its interest in receiving research or other products or services, rather than on client portfolios' interest in receiving most favorable execution. Eight 31 may cause client portfolios to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for those benefits. During the last fiscal year, did not receive any soft dollar benefits.

***Directed Brokerage***

We may allow clients to direct brokerage to a specific broker-dealer. In such cases, we may be unable to achieve the most favorable execution of client transactions as client directed brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage

commissions because we may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices or account services.

### ***Order Aggregation and Allocation of Investment Opportunities***

Eight 31 generally seeks to execute orders for client portfolios on an equitable basis. While not required, Eight 31 may aggregate client orders to achieve more efficient execution or to provide for equitable treatment among client portfolios. Client portfolios participating in aggregated trades will be allocated securities based on the average price achieved for these trades. Similarly, if an order on behalf of a client portfolio cannot be fully executed under prevailing market conditions, Eight 31 allocates the trade among the portfolios on a basis that it considers equitable.

## **ITEM 13: REVIEW OF ACCOUNTS**

### ***Schedule for Periodic Review of Client Accounts and Advisory Persons Involved***

Account reviews are performed at least annually by the Firm's principal or other investment adviser representative. Account reviews are performed more frequently when market conditions dictate. Reviews of client accounts include, but are not limited to, a review of client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target bans of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

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

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

### ***Content of Client Provided Reports and Frequency***

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by client custodians. Clients receive confirmations of each transaction in their accounts from the custodians. Performance reports will be provided by the Firm upon request to clients with assets under management, exclusive of assets held away from the custodial account.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Clients and prospective clients should review Item 12.A.1 above for a discussion on the economic benefits that Registrant receives from Pershing. Eight 31 currently does not receive any other economic benefit from any person for providing investment advisory services to clients. Eight 31 currently does not compensate any third party for client or investor referrals.

## **ITEM 15: CUSTODY**

All client assets are held at qualified custodians. Custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by the Firm.

The Firm is deemed to have limited custody solely because advisory fees are directly deducted from client's accounts by the custodian on behalf of the Firm.

- The Adviser has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.
- The Adviser has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.

#### **ITEM 16: INVESTMENT DISCRETION**

Clients may engage Eight 31 to provide investment advisory services on a discretionary basis. As such, the Firm would have the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The Firm allows clients to place certain restrictions, as outlined in the client's investment policy statement or similar document. These restrictions must be provided to the Firm in writing.

#### **ITEM 17: VOTING CLIENT SECURITIES**

The Firm does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent. When assistance on voting proxies is requested, the Firm will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

#### **ITEM 18: FINANCIAL INFORMATION**

A balance sheet is not required to be provided because the Firm does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

The Firm has no condition that is reasonably likely to impair its ability to meet contractual commitments to clients. The Firm has not had any bankruptcy petitions in the last ten years.