

**PART 2A APPENDIX 1 OF FORM ADV:  
WRAP FEE PROGRAM BROCHURE**

**ITEM 1 - COVER PAGE**

**March 27, 2023**

**CORE FINANCIAL PARTNERS, INC. dba  
CORE FINANCIAL  
222 N PACIFIC COAST HWY, SUITE 1500  
EL SEGUNDO, CA 90245  
310-450-6004**

**FIRM CONTACT:  
ANDRE HADZI-PAVLOVIC,  
CHIEF COMPLIANCE OFFICER**

**FIRM WEBSITE ADDRESS:  
[HTTPS://WWW.COREFPI.COM](https://www.corefpi.com)**

This wrap fee program brochure (“Wrap Brochure”) provides information about the qualifications and business practices of Core Financial. If you have any questions about the contents of this brochure, please contact Andre Hadzi-Pavlovic by telephone at 310-450-6004 or email at [andre@kobreco.com](mailto:andre@kobreco.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Core Financial is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Please note use of the term “registered investment adviser” and description Core Financial and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates which advise you for more information on the qualifications of our firm and its employees.

## **Item 2 - Material Changes**

Core Financial is required to advise you of any material changes to our Wrap Brochure from our last annual update, identify those changes on the cover page of our Wrap Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Wrap Brochure, and we must provide the date of the last annual update of our Wrap Brochure.

Please note we do not have to provide this information to a client or prospective client who has not received a previous version of our Wrap Brochure.

Since the previous annual update of the Wrap Brochure filed on March 31, 2023, Core Financial updated its principal address (see Item 1 herein and Form ADV Part 1 Item 1). There are no additional material changes to report.

### **Item 3 - Table of Contents**

Topic:

Page(s):

#### **Contents**

ITEM 1 - COVER PAGE.....	1
Item 2 - Material Changes.....	2
Item 3 - Table of Contents.....	3
Item 4 - Services, Fees & Compensation .....	4
Item 5 - Account Requirements and Types of Clients.....	7
Item 6 - Portfolio Manager Selection & Evaluation.....	7
Item 7 - Client Information Provided to Portfolio Managers.....	16
Item 8 - Client Contact with Portfolio Managers .....	16
Item 9 - Additional Information .....	16

#### **Item 4 - Services, Fees & Compensation**

- A. Description of our services, including the types of portfolio management services, provided under each program. We must indicate the wrap fee charged for each program, or, if fees vary according to a schedule, provide such schedule. Further, we are required to indicate whether fees are negotiable and identify the portion of the total fee, or range of fees, paid to portfolio managers.

We offer wrap fee programs as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed according to the client's investment objectives, financial goals, risk tolerance, etc. Wrap fee accounts include both discretionary accounts, and non-discretionary accounts/investments for which we have made investment recommendations to our clients. Material conflicts of interest are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice. We disclose that lower fees for comparable services may be available from other sources.

(i) **Our Asset Management Wrap Fee Program:**

We emphasize continuous and regular account supervision. As part of our asset management service, we primarily create a portfolio, consisting of exchange traded funds, mutual funds, structured notes, private equity funds which can include hard money lending, investing in client owned businesses or commercial real estate, non-traded or public REITs, and private placements. We may also invest in other securities, including but not limited to, individual stocks or bonds.

Many alternative investments require a minimum investment amount, carry significant liquidity risk, and are only available to investors who meet certain income and/or net worth requirements. We have a number of factors we consider when recommending alternative investments to clients that include but are not limited to the accreditation status, the level of interest a client expresses for such investments, past participation in such investments, and whether the investment would offer diversification to the client's portfolio. The client's individual investment strategy is tailored to their specific needs and could include some or all of the previously mentioned investment offerings. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on individual investments to be held in the portfolio.

**Our Asset Management Wrap Fee Program Fee Schedule:**

**Assets under management    Annual percentage of assets charge\*:**

\$0 to \$10,000,000	1.00%
\$10,000,000 to \$20,000,000	0.90%
\$20,000,000 to \$50,000,000	0.75%
Above \$50,000,000	0.60%

\* Some accounts may be under different fee schedules honoring prior agreements. Our standard fee schedule is negotiable based on a number of factors, which include but are not limited to “grandfathered” accounts, related accounts, and other structures that we consider in special situations. Our firm’s asset management fees are billed on a pro-rata annualized basis monthly in advance based on the value of your account on the last day of the previous month.

The value of client investments in the various Trojan Storage and Jett Ventures fund outlined in Item 4.b.(ii) above are included when calculating the management fee paid to Core Financial. Additionally, client investments in other third-party private/alternative investments recommended by Core Financial are included when calculating the management fee paid to Core Financial. Investments in private placements/alternative investments are billed on a pro-rata annualized monthly basis in advance based upon the value of the investment/account on the last day of the previous month. In the case of all private placements/alternative investments, valuations are based upon information received from the respective managers of the investments.

Fees will generally be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- a) You provide authorization permitting us to be directly paid by these terms, including automatically deducting fees from your accounts with independent custodians to cover asset management fees related to your investments that are covered by your participation in our wrap asset management programs, including accounts with third-party managers; and
- b) Your independent custodian sends statements at least quarterly to you showing all disbursements from your account, including the amount of the advisory fees paid to us.

\*In rare cases, we will agree to directly bill clients.

B. Explanation that a wrap fee program may cost you more or less than purchasing such services separately and description of the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in your account(s).

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

Description of any fees that you may pay in addition to a wrap fee, and description of the circumstances under which you may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers.

You will pay some or all of the following fees and expenses: custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

The use of unaffiliated third-party managers and private placements will incur fees that are separate and in addition to the asset management fees we charge. For more information regarding these separate fees, please review the third-party manager's Form ADV, Part 2 and the applicable private placement memorandum.

- C. If someone recommending a wrap fee program to you receives compensation as a result of your participation in the program, we must disclose this fact. Further, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if you participated in our other wrap fee program or paid separately for investment advice, brokerage and other services. Finally, we must explain that someone recommending a wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this creates an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

Mr. Koudsi is an owner of Counterpoint Mutual Funds, LLC, the investment adviser to various Counterpoint fixed income and equity funds. Mr. Koudsi earns a portion of the funds' management fee. Core Financial's advisers recommend investments in the funds which represents a conflict of interest. Any Core Financial clients that invest in these mutual funds will have their fee offset by the amount of fees received from managing the fund.

Core Financial recommends clients invest in various alternative investment offerings including, but not limited to, Trojan Storage Funds and Jett Ventures Funds. These offerings are managed by an affiliated entity, KoBre Holdings, LLC, for which Mr. Koudsi is also an owner and controlling member, which represents a conflict of interest.

## **Item 5 - Account Requirements and Types of Clients**

We generally impose the following requirement(s) to open or maintain an account:

- We generally require a minimum account balance of \$500,000 for our asset management. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm. We will negotiate the minimum account balance at our discretion, such as, when a client anticipates being able to meet the minimum account balance through additional contributions to the account within a relatively short period of time.

Types of clients we typically manage wrap fee accounts on behalf of, include:

- Individuals and high net worth individuals;
- Pension and profit sharing plans;
- Corporations, limited liability companies and/or other business types;
- Insurance companies.

## **Item 6 - Portfolio Manager Selection & Evaluation**

- A. Description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

We selectively seek outside portfolio managers offering private investment opportunities that align with the goals of our client base. Our selection process includes assessing the manager's performance history against various performance benchmarks, assessing the manager's expertise in their targeted sectors/investment vehicles, expected economic environment and whether it is favorable with respect to manager's offerings, and specifics of each individual investment opportunity, including but not limited to liquidity, expected return, etc. A manager's investment offering(s) is only recommended to a particular client if there is alignment between the offering and the client's goals. We conduct ongoing due diligence of all portfolio managers and related recommended investment offerings to ensure their suitability for our clients.

- 1) Describe any standards you use to calculate portfolio manager performance, such as industry standards or standards used solely by you.

For publicly traded securities, we use industry standards, such as IRR and simple return calculations, for performance reporting. For private investments, we rely on third party managers' performance reporting for purposes of reporting said performance to our clients.

- 2) Indication of whether we review, or whether any third-party reviews, performance information to determine or verify its accuracy or its compliance with presentation standards. If so, we must briefly describe the nature of the review and the name of any third party conducting the review.

The financial advisors or portfolio managers review asset management accounts on at least a quarterly basis. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

- 3) If applicable, an explanation that neither our firm nor a third-party reviews portfolio manager performance information, and/or that performance information may not be calculated on a uniform and consistent basis.

As noted above, we review performance information which is calculated on a uniform and consistent basis across our client portfolios.

- B. Disclosure of whether our firm or any related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. We must explain the conflicts of interest that we face because of this arrangement and describe how we address these conflicts of interest. Further, we must disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must describe how we select and review related person portfolio managers.

Our firm and its related persons act as portfolio manager for the wrap fee program previously described in this Wrap Brochure. Other investment advisory firms may charge the same or lower fees than our firm for similar services.

Related person portfolio managers are not subject to the same selection and review process as unrelated portfolio managers as our firm has intimate knowledge of the investment selection process of the related person portfolio managers. Based upon this knowledge, we can establish whether an investment opportunity is suitable for our clients.

See Item 4.C. for conflicts regarding potential investments in Counterpoint Mutual Funds, Trojan Storage Funds, and Jett Ventures Funds.

- C. If our firm, or any of our supervised persons covered under our investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, we must respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side- By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of FormADV (Firm Brochure).

Our firm and its employees act as portfolio managers for the wrap fee program described in this Wrap Brochure. We have responded to the applicable items in our Brochure.

(i) Advisory Business:

See Item 4 of this Wrap Brochure for information about our wrap fee advisory programs.

(ii) Individual Tailoring of Advice to Clients:

We offer investment advice to clients according to the client's investment objectives, financial goals, risk tolerance, etc. utilizing our asset management services offered by our firm.

(iii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:



Each client has the opportunity to place reasonable restrictions on individual investments to be held in the portfolio. Restrictions on investments in individual securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

(iv) Participation in Wrap Fee Programs.

We offer wrap fee accounts to our clients, which are managed according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage non-wrap fee accounts.

(v) Performance-based fees and side-by-side management.

We do not charge performance fees to our clients.

**Methods of Analysis, Investment Strategies & Risk of Loss**

Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

Methods of Analysis:

- ***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- ***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company could underperform regardless of market movement.

Investment Strategies We Use:

***Long-Term Purchases.*** When utilizing this strategy, we purchase securities with the idea of holding them for a relatively long time (typically held for at least a year).

***Risk of Long-Term purchases.*** A risk in a long-term purchase strategy is that, by holding the security for this length of time, we do not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security can decline sharply in value before we make the decision to sell.

**Short-term Purchases.** When utilizing this strategy, we also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Risk of Short-Term Strategies.** A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in less favorable tax treatment of short-term capital gains.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Short term trading risks.** Active and frequent trading of securities and financial instruments in a portfolio can result in short-term capital gains tax treatment. As a result of portfolio turnover, the performance of a portfolio can be adversely impacted.

**Short Sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Short Sales Risk:** Short sales are speculative transactions and involve special risks. In order to initiate a short position, a security must be borrowed. Strategies that execute short sales can incur a loss if the price of the security sold short increases in value between the date of the short sale and the date when we purchase the security to replace the borrowed security. Losses are potentially unlimited in a short sale transaction.

**Margin Transactions.** Only upon the request of a Client, we will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings.

**Risks of Trading Securities on Margin.** The risks of trading on margin include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin can require you to provide additional funds to the broker that has made the loan to avoid the forced sale of those securities or other securities in your account(s).
- The broker can force the sale of securities in your account(s). The broker can also force the purchase of securities in the case of short positions. If the equity in your account falls below the maintenance margin requirements under the law, or the broker's higher "house"

requirements, the broker can exit positions in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such actions.

- The broker can sell your securities, or buy back short positions, without contacting you. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the broker cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most brokers will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a broker has contacted a customer and provided a specific date by which the customer can meet a margin call, the broker can still take necessary steps to protect its financial interests, including immediately exiting positions without notice to the customer.
- You are not entitled to choose which positions in your account(s) are liquidated to meet a margin call. Because the securities are collateral for the margin loan, the broker has the right to decide which security to sell in order to protect its interests.
- The broker can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice. These changes in broker policy often take effect immediately and can result in the issuance of a maintenance margin call. A failure to satisfy the call can cause the liquidation of positions in your account(s).

**Please Note:**

Investing in securities involves risk of loss that clients should be prepared to bear.

While the stock market can increase and your account(s) could enjoy a gain, it is also possible that the stock market decreases and your account(s) suffers a loss. The value of your investment in a private placement could be worth more or less than the initial commitment value. Private placements pose liquidity risk and redemptions are only permitted at specific intervals. In many private placements, there is a lock-up period, where you are unable to redeem your interests. During this period, you remain subject to all risks associated with the private placement. It is important that you understand the risks associated with investing, are appropriately diversified in your investments, and ask us any questions you may have.

Depending on the types of securities you invest in, you may face the following risks:

***Market Risk:*** The price of a security, bond, or mutual fund can 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 can trigger market events.

***Inflation Risk:*** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

***Interest-rate Risk:*** Fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**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 could result in bankruptcy and/or a declining market value.

**Mutual Funds (open end and closed end) Risks:** Investing in mutual funds carries the risk of capital loss and thus you could lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (generally, lower risk) or stock "equity" nature.

**Exchange Traded Funds (ETFs) Risks:** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a company declaring bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

**Liquidity Risk:** When consistent with a client's investment objectives, guidelines, restrictions and risk tolerances, we can invest portions of Client portfolios in illiquid securities, subject to applicable investment standards. Investing in an illiquid (difficult to trade) security restricts our ability to dispose of investments in a timely fashion or at an advantageous price, which can limit the ability to take full advantage of market opportunities. Limited partnerships are relatively illiquid and can require long waiting periods for investment return. Some are subject to significantly less regulation than public investments.

**Fixed Income Risks:** Portfolios that investment in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks could occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in financial markets.

**Equity Risks:** The prices of equity investments fluctuate on a daily basis and at any given time. An investor has no assurance that they will be able to recoup their investment. Equity securities are subject to market risk, that is, as perceptions of a company's business prospects change, the actions of both buyers and sellers are affected. A dividend-paying stock could decrease or even cease to pay a dividend based on overall profitability. In the event of bankruptcy, common stockholders have a residual claim on company assets upon dissolution and therefore are the final class of investor to receive payment on their initial investment.

**Small/Mid-Cap Risk:** Stocks of small or small emerging companies could have less liquidity than those of larger, established companies and could be subject to greater price volatility and risk than the overall stock market.

**Diversification Risk:** Investments that are concentrated in one or few industries or sectors could involve more risk than more diversified investments, including the potential for greater volatility.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in

performance. Revenues and cash flows could be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

***Artificial Intelligence*** The emergence of recent technology developments in artificial intelligence and machine learning such as OpenAI and ChatGPT (collectively, “Machine Learning Technology”) can pose risks to Core Financial and their investments. While Core Financial prohibits the use of Machine Learning Technology in substantial business activities, the Firm is nonetheless exposed to the risks of Machine Learning Technology from any uses of Machine Learning Technology that may be undertaken by Core Financial personnel in contravention of the Firm’s restriction, or by third-party service providers, portfolio investments, or any counterparties, whether or not known to Core Financial. Use of Machine Learning Technology involves the risk of inaccuracies or errors in the data utilized by Machine Learning Technology, may directly or indirectly create security or data risks, and may increase trademark, licensing and copyright risks. Machine Learning Technology continues to develop rapidly, and it is impossible to predict the future risks that may arise from such developments.

***Cyber Security Breaches and Identity Theft:*** Core Financial’s information and technology systems could 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 Core Financial has implemented various measures to manage risks relating to these types of events, these systems could be accidentally or willfully compromised, become inoperable for extended periods of time or cease to function properly requiring a significant investment of time and expense to fix. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Core Financial’s operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the reputation of Core Financial and their respective affiliates to legal claims, and otherwise adversely affect their business and financial performance.

The techniques used to breach the security of Core Financial’s computer systems and network in order to obtain unauthorized, improper or illegal access to its confidential data or disable or degrade its services are constantly evolving, may be difficult to detect quickly, and often are not recognized until after they have been successful. Any security breach, whether actual or perceived, would harm the reputation of Core Financial, which could cause them to lose investors and business partners, and of which could adversely affect their business.

In addition, cybersecurity has become a high priority for regulators around the world. Many jurisdictions in which the Firm operates have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including the General Data Protection Regulation (GDPR) in the European Union (“EU”) that went into effect in May 2018 and the California Consumer Privacy Act (CCPA), as amended by The California Privacy Rights Act

of 2020 (CPRA), adopted on November 3, 2020 and effective on January 1, 2023. These jurisdictions could require companies to notify individuals of data security breaches involving certain types of personal data. Mandatory disclosures are costly to implement and often lead to widespread negative publicity, which could cause counterparties and investors to lose confidence in the effectiveness of Core Financial's data security measures. New and existing laws and regulations could impose other privacy related obligations on companies and regulators' interpretations and approaches to enforcement of these laws and regulations continue to evolve over time. If Core Financial fails to comply with applicable laws and regulations, it could result in legal or regulatory proceedings against the Firm by governmental authorities, counterparties or others, which could also lead to negative publicity and loss in confidence.

***Force Majeure Risks:*** Core Financial and its affiliates could be subject to the risk of loss arising from exposure to the impact of various catastrophic events, including, without limitation, earthquakes and other natural disasters, terrorism, and pandemics. These risks of loss can be substantial and could have a material adverse effect on Core Financial either directly or indirectly through disruptions to the business and operations of the firm's service providers and other counterparties.

***Business Continuity and Disaster Recovery:*** As described above, Core Financial's business operations could become vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), epidemics and pandemics, terrorist attacks or other circumstances resulting in property damage, network interruption and / or prolonged power outages. Although Core Financial has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies are planned for. If such business operations are disrupted or suspended for extended periods of time, the client accounts may be adversely affected.

Core Financial developed and tested a business continuity and disaster recovery plan ("BCP") plan to provide protocols in an emergency, such as COVID-19. These procedures are designed to limit disruption in services and maintain efficient and effective operations. Core Financial has performed real-time firm-wide BCP testing which has proven the Firm has a well-defined plan and its controls and policies are effective.

***Private Placements Risks:*** Private placements carry a substantial risk as they are subject to less regulation than publicly offered securities. The market to resell these assets under applicable securities laws can be illiquid because of restrictions on resale or the nonexistence of a resale market. Consequently, liquidation could be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

### ***Specific Risks of investing in Real Estate Funds***

***Concentration of Investments:*** Real Estate Fund investments may be concentrated in loans to its affiliates. Real Estate Fund can typically hold a small number of investment positions, each representing a relatively large portion of the total fund's capital. Any losses with respect to such Real Estate Fund's individual investments will materially and negatively impact the respective fund.

***Limited Liquidity of Some Investments:*** Real Estate Funds holdings are typically illiquid. Such funds will not be able to promptly liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, could therefore be affected. In addition, the value assigned to such securities for purposes of valuing interests and determining net profits and net losses could differ from the value the Real Estate Funds are ultimately able to realize.

***Insolvency Considerations with Respect to Issuers of Indebtedness:*** Various laws enacted for the protection of creditors could apply to indebtedness in which Real Estate Funds invest. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of the respective Real Estate Fund were to find that such fund did not receive fair consideration or reasonably equivalent value for incurring the indebtedness and that, after giving effect to such indebtedness, the Real Estate Fund (a) was insolvent, (b) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (c) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the Real Estate Fund, or to recover amounts previously paid by the respective Real Estate Fund in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary.

Generally, the Real Estate Funds would be considered insolvent at a particular time if the sum of its debts was then greater than all of its property at a fair valuation, or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the Real Estate Fund was “insolvent” after giving effect to the incurrence of the indebtedness in which the fund invested or that, regardless of the method of valuation, a court would not determine that the fund was “insolvent” upon giving effect to such incurrence. In addition, in the event of the insolvency of the Real Estate Fund of indebtedness in which the fund invests, payments made on such indebtedness could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before insolvency. In general, if payments on indebtedness are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from the Real Estate Fund to which such payments were made.

### **Voting Client Securities**

If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

We do not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client’s behalf. However, if

a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

#### **Item 7 - Client Information Provided to Portfolio Managers**

We are required to describe the information about you that we communicate to your portfolio managers, and how often or under what circumstances we provide updated information.

Our firm communicates with your portfolio managers on a regular basis as needed (daily, weekly, monthly, etc.) to ensure your most current investment goals and objectives are understood by your portfolio managers. In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio managers when you ask us to, when market or economic conditions make it prudent to do so, etc.

#### **Item 8 - Client Contact with Portfolio Managers**

We are required to explain any restrictions placed on clients' ability to contact and consult with their portfolio managers.

Clients are always free to directly contact their portfolio managers with any questions or concerns they have about their portfolios or other matters.

#### **Item 9 - Additional Information**

A. We are required to respond to: 1. Item 9 (Disciplinary Information); and 2. Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.

1. We have determined that our firm and management have no disciplinary information to disclose.
2. From time to time, Core Financial may recommend and/or administer a third-party, separately managed 401k plan and receive compensation for that activity.

Certain supervised persons, who are licensed insurance agents, could be compensated via commissions from the sale of an insurance product directly or Core Financial may be compensated.

As a licensed insurance agent, Mr. Koudsi recommends to advisory clients a variety of insurance products, and can offer commissionable insurance products to Core Financial's clients.

A conflict of interest exists due to the licensed insurance agent being compensated via full or partial commissions from the sale of an insurance product either directly or through another firm. The insurance commissions are separate from and in addition to any fees that



Core Financial receives for advisory services. Clients are under no obligation to act on any insurance recommendations or place any transactions through the recommended insurance professionals if they decide to follow their recommendations. Mr. Koudsi spends minimal time on this activity.

As previously noted, Mr. Koudsi is co-owner and controlling member of KoBre Holdings, LLC which is the general partner of Trojan Storage Open-End Acquisition Fund, LLC and other Trojan Storage Funds. Mr. Koudsi spends approximately 50% of his time collectively on the aforementioned activities. Certain of Core Financial employees will provide services to KoBre Holdings, LLC. Such Core Financial personnel will devote as much of their time to the aforementioned activities as they deem necessary and appropriate. These activities could be viewed as creating a conflict of interest in that the time and effort of certain Core Financial personnel will not be devoted exclusively to the business of Core Financial.

It is important to note that advisory clients are solicited to invest in various Trojan Storage Funds. This is a conflict of interest. Any such transactions are considered principal transactions, and Core Financial must comply with the requirements of Section 206(3) of the Advisers Act. These requirements include (1) providing sufficient disclosure of the conflicts of interest and the terms of the transaction, and (2) obtaining the prior written consent of the Client.

It is also important to note that advisory clients have been solicited to invest in Jett Ventures Fund 1, LLC which is a conflict of interest. Jett Ventures, LLC is the manager of Jett Ventures Fund 1, LLC, a venture capital firm that targets investment in early-stage companies in the software/technology-enabled services, real property development/operations, and other capital-intensive industries where a market opportunity for significant recurring revenue exists. Mr. Koudsi is a controlling member of Jett Ventures.

Clients are charged a performance fee when invested in a private fund, including Jett Ventures Funds and Trojan Storage Funds, for which an affiliated person is the managing member/general partner of the fund. This situation can cause a conflict of interest in that the private fund would most likely have higher compensation from a performance-based fee account than an account without a performance-based fee advised by Core Financial. Core Financial has an incentive to recommend private funds where an affiliated person is the managing member/general partner of such fund, since such affiliated person stands to receive greater compensation from the fund. However, Core Financial clients are in no way obligated to or required to make such investment in private funds. Core Financial ensures that all recommended investments, including those made to an affiliated private fund, are in the best interest of each Client.

Mr. Koudsi is a part-owner of Counterpoint Mutual Funds, LLC, the investment adviser to the Counterpoint Tactical Income Fund, Counterpoint Tactical Municipal Fund, Counterpoint Long-Short Equity Fund, the Counterpoint Tactical Equity Fund, and any

future Counterpoint-branded Fund. Mr. Koudsi receives compensation from Counterpoint which represents a conflict of interest that is mitigated by a fee offset. See Item 5.C – Fees and Compensation for details of the fee offset.

- B. We are required to respond to: 1. Items 11 (Code of Ethics or Interest in Client Transactions and Personal Trading); 2. Item 13 (review of Accounts); 3. Item 14 (Client Referrals and Other Compensation); and 4. Item 18 (Financial Information) of Part 2A of Form ADV, as applicable to our wrap fee clients

1. **Code of Ethics, Participation or Interest In Client Transactions and Personal Trading**

Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

Pursuant to Rule 204A-1 of the Advisers Act, Core Financial adopted a Code of Ethics (referred to in this Brochure as the “Code”) to ensure that Core Financial fulfills its role as a fiduciary to the Clients. The interests of the Clients must always be recognized, respected, and have precedence over Core Financial employees. The Code requires that Core Financial employees and certain associated persons act in the best interests of the Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent they arise. Core Financial employees are also required to comply with applicable provisions of federal securities laws and make prompt reports of any actual or suspected violations of such laws by Core Financial or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of Core Financial’s personnel. The Code requires that personnel pre-clear certain transactions, report personal securities transactions in accordance with the Code on at least a quarterly basis and submit reports to Core Financial regarding personal accounts and reportable securities holdings at least annually. The Code also (i) addresses outside activities of employees, conflicts of interest, and policies and procedures concerning the prevention of insider trading, (ii) includes restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and (iii) addresses the pre-clearance and reporting of political contributions. Employees are required to provide a written certification to Core Financial agreeing to comply with the Code. Copies of this Code can be requested by contacting Core Financial’s Chief Compliance Officer at (310) 450-6004.

Core Financial has adopted policies and procedures which allow their employees to purchase securities that are recommended to, or held by, Client accounts as part of the Wrap Program after all such Client transactions have been executed. In addition, certain Core Financial employees have accounts managed by the Firm as part of the Wrap Program and/or investment advisers unaffiliated with Core Financial. No such employee has control over the securities purchased and sold for any such account and employee personal accounts managed as part of the Wrap Program are considered Client accounts for purposes of personal trading. The Firm’s employees could personally own the same securities that Core Financial purchases and sells for Clients and could use knowledge about actual or proposed securities transactions and recommendations for a Client account to profit personally by the market effect of such transactions and recommendations. However, as

discussed above, Core Financial has adopted policies and procedures to address these potential conflicts.

## 2. **Review of Accounts**

Review of client accounts, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

The financial advisors or portfolio managers review accounts on at least a quarterly basis for our clients subscribing to our Asset Management services. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

At times, we will review client accounts more frequently than described above. Among the factors which would trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We provide statements to clients on a quarterly basis. Verbal reports to clients take place on at least an annual basis when we meet with our asset management clients.

## 3. **Client Referrals & Other Compensation.**

If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

Schwab/Fidelity/RBC:

Our firm places trades for its Clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Our firm may use broker-dealers other than Charles Schwab & Co, Inc. ("Schwab"), Fidelity Brokerage Services LLC ("Fidelity"), and Royal Bank of Canada ("RBC") to execute trades for client accounts maintained at Schwab/Fidelity/RBC, but this practice may result in additional costs to clients so that we are more likely to place trades through Schwab/Fidelity/RBC rather than other broker-dealers. Schwab/Fidelity/RBC's execution quality could be different than other broker-dealers. For our client accounts maintained in its custody, Schwab/Fidelity/RBC generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab/Fidelity/RBC or that settle into Schwab/Fidelity/RBC accounts.

Some of the products, services and other benefits provided by Schwab/Fidelity/RBC benefit us and may not benefit our firm's client accounts. These benefits may include

national, regional or specific to our firm, educational events organized and/or sponsored by Schwab/Fidelity/RBC. Other potential benefits may include occasional business entertainment of personnel of our firm by Schwab/Fidelity/RBC, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which could accompany educational opportunities. Other of these products and services assist us in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our firm's accounts, including accounts not maintained at Schwab/Fidelity/RBC. Schwab/Fidelity/RBC also makes available to us other services intended to help our firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab/Fidelity/RBC may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Schwab/Fidelity/Interactive Brokers/RBC may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While, as a fiduciary, Our firm endeavors to act in its clients' best interests, our recommendation/requirement that clients maintain their assets in accounts at Schwab/Fidelity/RBC may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab/Fidelity/RBC, which creates a potential conflict of interest.

Without the bundled services we receive from Schwab/Fidelity/RBC, we would have to obtain the aforementioned services and products for cash. As a result of receiving such products and services for no cost, we may have an incentive to continue to place client trades through broker-dealers that offer these bundled services. This interest conflicts with the clients' interest of obtaining the lowest commission rate available. Therefore, our firm must determine in good faith, based on the "best execution" policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

From time-to-time our firm may make an error in submitting a trade order on a client's behalf. When this occurs, we may place a correcting trade with the broker-dealer which has custody of the client's account. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for the client to retain the gain, or our firm confers with the client and the client decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client's account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss

occurs greater than \$100, we will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. If the gain does not remain in the client's account and Fidelity is the custodian, Fidelity will retain the gain. If a loss occurs, we will pay for the loss. RBC has a similar policy. Generally, if related trade errors result in both gains and losses in the client's account, they may be netted.

If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We currently do not pay or receive compensation for referrals.

4. **Financial Information.**

If we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

If we are a federally-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.