

FinaPort Asset Management AG

Fraumuensterstrasse 9
8001 Zurich
Switzerland

Telephone: +41 44 213 1562

Fax: +41 44 217 7058

ADV Part 2A

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Item 1. Cover Page

This brochure (Form ADV Part 2A) provides information about the qualifications and business practices of FinaPort Asset Management AG (“Finaport”). Finaport is a registered investment advisor (“RIA”) with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

If you have any questions about the contents of this brochure, please contact us at +41 44 217 7050 or info@finaport.com. The information contained in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Finaport Asset Management AG also is available on the SEC website www.adviserinfo.sec.gov. There is no specific level of skill or training required to “register” as an RIA with the SEC.

Item 2. Material Changes

Since our last annual amendment was filed in March 2023, the following material changes have been made to this disclosure brochure:

- Mr. Matthias Schaad Mettler replaced Ianiv Ofir as the CCO of the firm per March 2024.
- Item 5 has been updated to add fees and compensation associated with a cryptocurrency strategy.
- Item 8 has been updated to add descriptions of investment strategies offered, including a cryptocurrency strategy as well as disclosures regarding certain investment risks, such as cryptocurrency assets.

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Item 4. Advisory Business

Firm Description

Finaport was founded in 2007 to provide investment management and advisory services to persons and entities who are residents of the United States and United States citizens located overseas (U.S. Persons¹). Located in Switzerland, the Firm has been established to afford U.S. Persons an opportunity to avail themselves of investment management and advisory services that focus on a broad range of international markets and multi-currency alternatives, in addition to U.S. dollar-based investments in the U.S. markets. Finaport also serves US taxpayers or dual citizens living outside the US and in certain cases may work with clients who are not resident in the US or US taxpayers.

Principal Owners

Finaport is 100% owned by Finaport Holding Ltd, which is owned by Mr Hellmut Schuemperli (50%) and Mr Alexei Borissov (50%).

Services

Finaport provides wealth management solutions to high-net-worth individual clients as well as companies and it offers both discretionary asset management (investment management mandates) and non-discretionary investment advisory services (investment advisory mandates). Each client's assets are managed in a separate account (an "account") maintained at a third-party financial institution.

Finaport's client portfolios are diversified across a variety of asset classes, including cash, US dollar and non-US dollar currencies, defensive strategies in marketable securities, growth strategies in marketable securities, and, in certain cases, private investments. Accounts may include, without limitation: equity securities, fixed income securities, limited partnership interests, mutual funds, exchange traded funds, hedge funds, options, structured

product investments, digital assets and other alternative investments consistent with a client's suitability, his or her overall investment strategy, and his or her risk tolerance. Generally, client investments are concentrated in non-US securities consistent with most clients' objective of obtaining jurisdictional diversification from the US.

Whilst generally Finaport makes investments with a longer time horizon, Finaport may recommend changes to allocations in an attempt to take advantage of conditions in the current economic environment whilst being sensitive to transaction costs and taxes, as applicable. Such allocation changes may involve short-term underweight or overweight positions to various asset classes designed to capitalize on current economic conditions over the short-term.

Finaport's advice is limited to the types of securities and transactions as set forth in Item 8. Finaport does not render any legal or tax advice.

Discretionary Asset Management Services

Finaport offers discretionary asset management services whereby Finaport has the authority to supervise and direct the investments of and for each client's account without prior consultation with the client. Finaport determines the securities that are bought and sold for the client's account and the total amount of the purchases and sales. Finaport's authority may be subject to conditions imposed by individual clients as set forth and agreed upon in the investment management agreement entered into between Finaport and the client. For example, a client may restrict or prohibit transactions in certain types of securities.

Finaport seeks to obtain a rate of return consistent with each client's objectives, risk tolerance, future liquidity requirements and potential tax and legal restrictions. Generally, Finaport manages each client's portfolio in line with model portfolios constructed by the

investment committee of the firm. However, these model portfolios serve only as a general guide and not every client's portfolio will replicate the model portfolio as a result in differences in client risk tolerance, tax ramifications, client specifications, liquidity and timing.

Finaport currently offers its clients the following Investment Strategies that do not correlate with each other.

- Investment Committee Strategy (with division by risk appetite: conservative, balanced and growth)
- FPSDM (Finaport Systematic Discretionary Mandate) (with division by risk appetite: conservative, balanced and growth)
- The ALL-IN Strategy
- Tailored client services
- Cryptocurrency Strategy

Client Accounts within these strategies are broadly managed in a similar manner. However, differences in each portfolio may occur due to client-specific investment objectives, risk tolerance, time horizon, liquidity needs, tax considerations, reference currency, legal restrictions and overall suitability.

Non-discretionary Asset Management Services

For clients who desire a non-discretionary investment advisory service, Finaport offers investment advice similar to its discretionary asset management service in a non-discretionary mandate whereby prior consultation and client approval is required before Finaport purchases or sells any security. Finaport works with its non-discretionary clients to define their investment objectives and consults with each client on a regular basis with investment suggestions in line with the defined objectives.

If explicitly required by a non-discretionary client, Finaport may implement investment ideas which do not pertain to Finaport's investment universe. Finaport will disclose to the client if an investment idea is not part of Finaport's investment universe.

Wrap Fee Programs

Finaport does not participate in wrap fee programs. This means the custodian and Finaport will always invoice separately therefore the client has full transparency of the fees charged.

Assets under Management

Finaport managed approximately USD 90.8 million on a discretionary basis and approximately USD 56.1 million on a non-discretionary basis, for a total of approximately **USD 146.9 million** as of December 31, 2023.

Item 5. Fees and Compensation

Finaport's fees generally are charged as a percentage of the market value of assets under management ("AUM") or assets under advisement ("AUA"). The asset management fee is either charged quarterly either in arrears or advance. The AUM or AUA is based on the net asset value of the client portfolio on the last day of each prior fiscal quarter (March, June, September, December). The fee generally is charged in the reference currency of the account or equivalent in Swiss Francs.

Annual Percentage Fee Schedule

As written below, the company offers its clients several investment strategies and different management fees for each of them.

For the Investment committee and the FPSDM strategies:

Investment Strategy	Conservative	Balanced	Growth
AuM			
Up to USD 2,500,000	0,90%	1,10%	1,25%
USD 2,500,001 - 5,000,000	0,85%	1,05%	1,15%
USD 5,000,001 - 10,000,000	0,80%	1,00%	1,10%
More than USD 10,000,000	negotiable	negotiable	negotiable

Annual Percentage Fee Schedule Plus Performance Fee of 10% of Positive Annual Return

Investment Strategy	Conservative	Balanced	Growth
AuM			
USD 750,000 - 2,500,000	0,70%	0,90%	1,05%
USD 2,500,001 - 5,000,000	0,65%	0,85%	0,95%
USD 5,000,001 - 10,000,000	0,60%	0,80%	0,90%
More than USD 10,000,000	negotiable	negotiable	negotiable

The ALL-IN Strategy:

Investment Strategy	Conservative	Balanced	Growth
AuM			
All AUM	n.a.	n.a.	1,25%

If the client chooses a different investment strategy, i.e. Tailored client services or Cryptocurrency Strategy, Finaport generally charges a management fee which ranges between 1% and 1.5% per annum based on the assets under management for each client. Finaport may charge different fees for different client accounts depending on a variety of factors, including but not limited to, nature and relationship of client, size of the account(s), scope and complexity of the investment advisory services provided.

The Cryptocurrency Strategy:

Investment Strategy	Conservative	Balanced	Growth
AuM			
All AUM	n.a.	n.a.	1,25%

For Cryptocurrency Strategy, Finaport's asset-based management fees are calculated as a prorated amount of client's end of month balance reported by the custodia. On the last business day of the quarter, Finaport assesses advisory fees by considering the cash allocation of the portfolio and whether the portfolio has drift that can be reduced. If a client's account has reducible drift, Finaport will instruct the custodian to sell cryptocurrency assets in an amount that will generate cash proceeds to satisfy client's fee obligation and reduce drift in the portfolio. If the client's account does not have reducible drift, Finaport will instruct the custodian to transfer funds from the cash allocation sufficient to satisfy the management fee obligation. If a client's cash allocation in its account is insufficient to cover Finaport's fees for that quarter, Finaport will accrue any fees over or under-assessed and apply the difference to adjust the following quarter's fees. Clients also bear expenses associated with trading and custody of cryptocurrency assets charged by the cryptocurrency custodian. The custodian charges a custody and trading fee that fluctuates based on trading volume. Clients can review per-trade fees actually paid to the custodian on their account statements. Finaport does not receive any portion of the trade fees paid to the custodian.

We do not have a minimum amount of assets to be managed.

Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. Upon termination of any relationship, accrued, unpaid fees will be due and payable. Advance fees paid prior to termination will be credited to the client's account.

Finaport may waive, discount and/or negotiate fees at its discretion. Finaport may also charge additional fees for services outside the scope of the services described above. Any additional fees are disclosed and agreed to by the client.

Finaport generally relies on the custodian bank to value the assets in each client's account. Finaport typically will arrange with the custodian for the direct payment of its fees from the client's account.

Finaport is a fee-only investment advisor and does not receive undisclosed remuneration from third parties in connection with its investment advisory services. Discounts, finder's fees or any other remuneration received by Finaport from third parties will be disclosed to the client and, unless otherwise agreed upon in writing with the client, be credited against Finaport's investment advisory fee.

Investment in affiliated investment vehicles

The portion, which is invested in the affiliated investment vehicle is excluded from the normal fee calculation. With this procedure Finaport ensures that the adviser does not earn two fees for the same investment.

If Finaport invests client assets in an investment vehicle affiliated with Finaport, Finaport may earn a higher management fee within the investment vehicle than otherwise applicable. Such investments may therefore create a conflict of interest since Finaport may have an incentive to recommend the fund based on earning a higher commission from the investment vehicle. The client has the right to revoke his consent to such investments at any time.

Finaport does not manage or advise accounts based on commissions, subscription fees or hourly rate charges.

Other Fees and Expenses you may incur

Fees charged by Finaport do not include custodian fees, fees for trade settlement,

brokerage commissions, taxes or any other third-party charges. The fees also do not include management or other fees charged by funds or other products that client accounts may be invested in from time-to-time.

Item 6. Performance-Based Fees & Side-by-Side Management

Performance-Based Fees

Finaport may enter into performance-based fee arrangements with qualified clients subject to individualized agreements with each client. To the extent Finaport enters into performance or incentive fee arrangements, it will do so in accordance with Section 205(a)(1) of the Advisers Act and Rule 205-3. Only clients who meet the following requirements may opt for the performance-based fee scheme: (i) clients with at least \$ 1,100,000 under management with Finaport; (ii) clients with more than \$ 2,200,000 of net worth, excluding the value of the primary residence and certain debt secured by the property; or (iii) clients who are qualified purchasers under Section 2(a)(51) of the Investment Advisors Act of 1940, as amended (which generally is defined to include only individuals with more than \$ 5,000,000 in investments or an entity such as corporations, trusts, partnerships, or institutional investor that owns and invests on a discretionary basis at least \$ 25 million in investments).

Finaport offers its investment management services on both (i) an annual percentage fee basis, and (ii) on a combined annual percentage fee plus performance fee basis, which includes a reduced fixed annual percentage fee. As previously outlined, when we manage assets on a performance basis, the performance fee we receive in addition to our annual percentage fee is 10% of the annual increase in the AUM, adjusted for asset deposits and withdrawals. When an investment adviser, such as Finaport, manages client assets simultaneously on both a performance fee and non-performance fee basis

(commonly referred to as side-by-side management) there is a general perception that certain “conflicts of interest” could exist, which include: (i) the adviser may take additional risks in managing performance based assets because the adviser will share in gains and income generated in performance based accounts, and (ii) the adviser may favor performance based accounts over non-performance based accounts, again, because the adviser will receive a performance-based fee which increases with enhanced performance.

Finaport may potentially receive higher fees with a performance-based compensation structure than from accounts that pay the asset-based fee schedule described above. To minimize this conflict, Finaport generally will enter into a performance fee arrangement upon the request of a client or in the case of specific investment performance objectives.

The performance fee is calculated every year on the basis of the performance of the preceding year.

The performance-based fee component is 10% of any positive annual return, which is calculated based upon the difference between the AUM at the beginning of the year (or if a new account, when the account is established) and the AUM at the end of the year, adjusted for any inflows/outflows of funds during the year. The performance-based fee will be paid at the beginning of every calendar year, based on the performance of the previous year. In the event that a client participating in the Fee Plus Performance Basis Program decides to cancel its Investment Advisory Agreement / the asset management agreement with our firm during the year, the performance-based fee will be due at the time of the cancellation, calculated as difference between AUM at the beginning of the calendar year and AUM at the time of the cancellation of the Advisory Agreement, adjusted for any inflows/outflows of funds during the period.

New relationships established during the year will be charged at the respective pro-rated fee. At the time the amount is charged to the account, and upon request by the client, Finaport will notify the client in writing that the fee has been debited and include the calculation basis. Finaport will generally bill its management fee quarterly and its performance fee annually.

Side-by-Side Management

Finaport manages many client accounts and as a result of differences in the fees charged on various accounts, Finaport has conflicts related to such side-by-side management of different accounts. For example, Finaport advisors may manage more than one account according to the same or a substantially similar investment strategy and yet have a different fee schedule applicable to such account as a result of the respective clients’ AUM with Finaport.

Side-by-side management of different types of accounts may raise conflicts of interest when two or more accounts invest in the same securities or pursue a similar, although not identical, strategy. These potential conflicts include the favorable or preferential treatment of an account or a group of accounts, conflicts related to the allocation of investment opportunities, particularly with respect to securities that have limited availability, such as initial public offerings, and transactions in one account that closely follow related transactions in a different account. In addition, the results of the investment activities for one account may differ significantly from the results achieved for other accounts, particularly if Finaport individually tailors’ clients’ accounts.

Finaport has policies and procedures in place aimed to ensure that all client accounts are treated fairly and equitably. Finaport strives to equitably allocate investment opportunities among relevant accounts over time. In addition, investment decisions for each account are made with specific reference to the individual needs

and objectives of the account. Accordingly, Finaport may give advice or exercise investment responsibility or take other actions for some clients (including related persons) that may differ from the advice given, or the timing and nature of actions taken, for other clients. Investment results for different accounts, including accounts that are generally managed in a similar style, also may differ as a result of these considerations. Some clients may not participate at all in some investments in which other clients participate or may participate to a different degree or at a different time.

Item 7. Types of Clients

Finaport offers investment management services to high-net-worth individual clients, families, corporations, trusts and charities.

Item 8. Methods of Analysis, Investment Strategies & Risk of Loss

Methods of Analysis

Our methods of analysis include reviewing the global macro-economic financial environment and political landscape to determine how to best invest via various asset classes, currencies and specific investments.

We may use a combination of both fundamental analysis as well a technical analysis in making investment decisions:

- > Fundamental Analysis: In terms of fundamental analysis, we will apply fundamental economic analysis and take into consideration factors such as interest rates, inflation, unemployment, public and foreign debt, trade balances, monetary and fiscal policy, geopolitical developments and many other factors.
- > Technical Analysis: In terms of technical analysis, we may only use it as a timing tool to make buying and selling decisions, rather

than what securities or currencies to buy. The use of technical analysis will be very limited.

Investment Strategies

Clients that select us to provide either investment management or advisory services can select one of the 5 following investment strategies structures:

1. Finaport's Investment committee strategy

The company's investment committee gathers once a month. All the company's Relationship Managers, the company's CEO and his deputy are invited to the committee.

The committee has a fixed agenda and it includes updates about what is happening in the markets, a discussion about key markets (USA, China, etc.), an examination of changes in the composition of the mandates that the company offers to its clients, an update about the investment policy of the CIO and other issues on an ad hoc basis or in accordance to events in the various markets.

Under this investment strategy, there are three investment tracks:

(i) Conservative

Our conservative structure emphasizes real-term capital preservation with portfolio earnings obtained primarily through steady income. We focus on making recommendations and investments which have below average risk. When implementing a conservative structure, we focus on liquidity and fixed income securities (bonds) are over weighted compared to equity securities. A typical conservative structure will be composed of approximately 75% fixed-income securities and 25% equity securities. The conservative structure:

- seeks to achieve moderate long-term growth in the value of assets;
- the return is generated from current income (interest/dividends) combined with capital gains.

- Modest risk, low fluctuations in the value of assets.

(ii) Balanced

Our balanced structure is based upon obtaining real-term capital preservation and long-term capital growth, with portfolio earnings through steady income and capital and currency gains. When implementing a balanced structure, we focus on making recommendations and investments that have an average risk tolerance, with some fluctuation in asset value acceptable, but we use derivative instruments to hedge against such fluctuations. Liquidity and fixed-income securities (bonds) are either slightly over or underweighted compared to equities depending on our view of the markets and relative value considerations. A typical balanced structure will be composed of approximately 50% fixed-income securities and 50% equity securities.

The balanced structure:

- seeks to achieve long-term growth in the value of assets,
- the return is generated from current income (interest/dividends) and capital gains.
- Medium risk, mid-size fluctuations in the value of assets.

(iii) Growth

Our growth structure is based upon obtaining long-term capital growth primarily through capital and currency gains. When implementing a growth structure, we focus on making investments that have an above-average risk tolerance and a higher degree of fluctuations in asset value may occur. Derivative investments are used in developing and implementing a dynamic portfolio structure. Equities are over weighted compared to liquidity and fixed-income (bonds) securities. A typical growth structure will be composed of approximately 75% equity securities and 25% fixed-income securities.

The growth structure:

- seeks to maximize asset growth long-term,
- the return is generated from capital gains to minimal extent from current income (interest/dividends).
- High risk, large fluctuations in the value of assets.

2. Finaport's FPSDM strategy

The Finaport Systematic Discretionary Mandate (FPSDM) strategy is based on academic research and own experience. The strategy's base assumption is that forecasting long-term financial market is not possible, as we can not predict the development of the global economy.

FPSDM is focusing on distribution and diversification of our investments. The strategy is risk management oriented and invest only in different types of baskets in the form of funds or certificates in order to keep the probability of a total loss of an investment as low as possible. FPSDM focus on the global economy and do not make specific country allocations, sector or currency switches.

In this strategy, we invest in equities or bonds via funds, ETF or certificates. The funds/ /certificates pursue a systematic, rule-based investment strategy that corresponds to the character of a passive approach.

The composition of the equity portfolio consists of an equally weighted investment portfolio (start). Every twelve months, the weighting of the respective investments is adjusted to the origin (systematic). The composition of the bond portfolio consists only of corporate bonds in funds or certificates.

The investment strategy is designed to minimize the number of transactions during a calendar year. Risk adjustments are usually due at the beginning of each new calendar year or in case of very large market movements.

The investment strategy is divided into predefined ranges of equity risk. The gradation takes place in 10% steps. When the bandwidth is reached, an adjustment is due which reverts to the original quota.

FPSDM strategy offers:

- Conservative track with 70% fixed-income securities and 30% equity securities.
- Balanced track with 50% fixed-income securities and 50% equity.
- Growth track with 70% equity securities and 30% fixed-income securities.

3. The ALL-IN Strategy (conservative to growth)

The strategy might or might not include the M1 Legionfund (up to 100% of the Portfolio) depending on specific client needs. However the strategy adopts a versatile approach by employing a multi-strategy rather than adhering to a singular investment strategy. Its investment portfolio encompasses a diverse range of cash equivalent instruments, bonds, and stocks. As a result, the strategy can transition from a growth-oriented approach, where it is fully allocated to stocks, to a more conservative stance, with investments allocated towards cash equivalents and bonds.

Consequently, the aim is to retain the flexibility to modify its strategy as deemed necessary. This adaptability allows for adjustments in response to changing market conditions and investment opportunities.

The primary objective is to achieve capital appreciation. This objective is pursued through strategic investments in a combination of cash equivalents, bonds, and stocks. Furthermore, in case the M1 Legion Fund is used as an financial Instrument, it does not distribute dividends to its investors, prioritizing the growth of invested capital instead, for further information please see the M1 Legion Fund's specific brochure. Generally The ALL-IN strategy is only available within a growth oriented mandate as the strategy can vary from conservative to growth

depending on the market environment in order to achieve the flexibility needed for the investment approach followed.

The asset allocation for the ALL-IN strategy deviates from Standard Strategies as follows:

- From 0% to 100% of the assets under management in cash or cash equivalents.
- From 0% to 100% of the assets under management in yield investments (bonds, Loans, fixed term and/or fiduciary investments, etc.).
- From 0% to 100% of the assets under management in equity investments (stocks, shares, preferred shares, this includes but is not limited to the M1 Legion Fund etc.) or similar investments.
- From 0% to 20% of the assets under management in other non-traditional investments (e.g. hedge funds, venture capital, commodities (including precious metals), real property) or similar investments.

4. Tailored client services

In addition to selecting one of the strategies mentioned above (Investment committee, FPSDM or M1 Legion) Finaport offers also a portfolio structure that is individually tailored to the needs and objectives of each client, clients may impose further restrictions on investing in certain securities or types of securities.

When selecting the core holdings of the equity portfolio (approximately 50-75%), we focus our rigorous fundamental analysis on factors such as cash flow, Price/Earnings ratio, Price/Book Ratio, Price/Sales Ratio, and generally select securities that are traded at a discount to the market. Even though we believe that purchasing securities at a discount to their intrinsic value provides an investor with an adequate "margin of safety," we realize that this investment strategy carries a risk of possible loss of principal over short time periods, and our investment strategy could underperform other types of investments.

When selecting the satellite holdings of the equity portfolio (approximately 25-50%), we try to identify “trends” (i.e., alternative energy, emerging markets, etc.) and hope to outperform the market in the short term. We realize that with this part of the investment strategy there is a risk that we invest in “trends” that may never materialize in higher equity prices, or in trends that may be and remain out of favor and volatility may be higher than in our core holdings.

Both the core and satellite holdings carry a risk of possible loss of principal, and/or our investment strategy could underperform other types of investments.

5. Cryptocurrency Strategy

Cryptocurrency portfolios consist of allocations of cryptocurrency assets that provide diversified exposure to a variety of crypto sectors, which Finaport typically constructs based on market capitalization and risk-parity weighted construction approaches, and other factors. Finaport will select individual cryptocurrency assets and weightings of those cryptocurrency assets (“crypto portfolios”). Cryptocurrency assets are chosen and weighted to fit the particular investment goal of the client, as well as a cash allocation used to help manage liquidity constraints with the cryptocurrency exchange as well as to draw from to satisfy Finaport’s quarterly investment advisory fee. This strategy includes allocations to the entire investable base of cryptocurrency assets supported for trading and custody. This strategy seeks to capture broad market exposure to the cryptocurrency market or certain sub-sectors of the cryptocurrency market.

Finaport regularly monitors the available population of cryptocurrency assets with respect to existing portfolio strategies and to identify new assets. Cryptocurrency assets are screened by Finaport before they are eligible for inclusion in the crypto portfolios. The screening process

for crypto portfolios is based on several criteria, including the market-capitalization of the asset, liquidity profile, and whether the asset is supported for trading and custody. The screening process means that not all available crypto investments at the cryptocurrency exchange will be eligible for crypto portfolios. Finaport has discretion to make modifications to the crypto portfolios, including to add or remove one or more cryptocurrency assets, or change the relative holdings of each cryptocurrency asset in a crypto portfolio. Finaport also has discretion to make changes to the screening criteria it considers relevant for the inclusion of cryptocurrency assets in crypto portfolios. Once screened, Finaport applies a market-capitalization and risk-parity allocation strategy to assign weights to the various cryptocurrency assets in each crypto portfolio. Finaport employs both market-capitalization and risk-parity portfolio construction approaches to provide diversified exposure to a range of cryptocurrency assets and applications with improved risk-return characteristics, as compared to an exclusively market-capitalization based construction approach.

The cryptocurrency exchange may maintain minimum order sizes in order to place cryptocurrency trades on its exchange. The minimum order size may fluctuate from month to month based on market conditions. If a client invests less than the minimum account balance necessary to exceed these thresholds, such client’s crypto portfolio will include fewer cryptocurrency assets relative to the target allocation of the crypto portfolio and will not be eligible for rebalancing.

As part of the cryptocurrency strategy, certain cryptocurrency assets may allow staking for you to earn passive income. Staking locks up your cryptocurrency assets to participate and help maintain the security of that network’s blockchain in exchange for earning additional cryptocurrency. Staking also contributes to the security and efficiency of the block. Staking often

requires a lockup or “vesting” period, where your cryptocurrency can’t be transferred for a certain period of time. In this case, we won’t be able to trade staked cryptocurrency assets during this period even if prices shift. The staking platform you choose could offer lucrative annual returns, but if the price of your staked token falls, you could still incur losses. In addition, Many proof of stake networks use “slashing” to punish validators who take improper actions, destroying some of the stake they put up on the network. If you stake with a dishonest validator, you could lose part of your investment. We will research the project’s staking terms, requirements, and security standards for each company.

Clients should understand that investing in cryptocurrencies is highly speculative and only appropriate for individuals with a high risk tolerance and who are able to bear the risk of potential loss. Due to the aggressive and speculative nature of cryptocurrency, crypto portfolios are not suitable for investors looking for conservative strategies, low risk, lack of or low volatility, or capital preservation.

Types of Securities

Finaport offers investment management and advisory services on the following types of securities and transactions: exchange-listed securities, securities traded over-the-counter, securities issued by non-US issuers, corporate debt securities (and other commercial paper), certificates of deposit, investment company securities such as mutual funds, US or foreign government securities, exchange traded funds, foreign exchange transactions, certain derivatives or structured products, digital assets and in certain cases private fund investments. Some of these securities, particularly those issued outside of the US, may not be registered with the SEC. Finaport is able to invest clients on a discretionary basis in securities offered

outside the US to non-US investors in reliance on Regulation S under the Securities Act of 1933.

Investments in private funds or structured products may be limited to “accredited investors” or “qualified purchasers,” and may require investors to lock-up their assets for a period of time. These investments may have limited or no liquidity and they may involve different risks than investing in registered funds and other publicly offered and traded securities. In the context of a discretionary mandate, Finaport may invest client accounts into such securities without client consent.

Finaport will rely on the accuracy of a client’s representations in making corresponding representations regarding the investment restrictions on behalf of a client’s account in connection with certain derivative, private fund or other similar investments with qualification restrictions. Finaport requires notification by the client if the client’s representations become inaccurate.

Material Investment Risks

Clients should bear in mind that investing in securities involves a risk of loss. Clients should be prepared to bear the risk of losing their investment in securities. Past performance is not an indication as to future results.

Among other risks, all investments made by Finaport will be subject to market risk, liquidity risk, and interest rate risk, and may be subject to credit and counterparty risk, risk in fluctuations of commodity pricing, risk of loss due to political and economic developments in foreign markets, and risks involving movements in the currency markets.

Market Risk: Market risk refers to the risk of loss arising from general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws and

national and international political circumstances. Each account is subject to market risk, which will affect volatility of securities prices and liquidity. Such volatility or illiquidity could impair profitability or result in losses.

Risk Related to Equity Investments: Investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. The value of specific equity investments generally correlates to the fundamentals of each particular security, but prices of equity investments may raise or fall regardless of fundamentals due to movements in securities markets.

Risks Related to Fixed Income Investments: Investments in fixed income securities (i.e., bonds) represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk, all of which affect the value of the security and volatility of such value. In general, bonds with longer maturities are more sensitive to price changes. Additionally, the prices of high-yield, fixed-income securities fluctuate more than high-quality debt issues. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High-yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors. Developments in the credit market may have a substantial impact on the companies Finaport may invest in and will affect the success of such investments. In the event of a default, the investment may suffer a partial or total loss.

Risks Related to Investments in Funds: For purposes of this discussion, the term "Fund" includes, but is not limited to, a US or non-US

unit investment trusts, open-end and closed-end mutual funds, hedge funds, private equity funds, venture capital funds, real estate investment trusts, exchange traded funds ("ETFs") and any other private alternative or investment fund. Investments in funds carry risks associated with the particular fund. Each fund and the respective manager will charge their own management and other fees, which will result in a client bearing an additional level of fees and expenses. US mutual funds generally must distribute all gains to investors, including investors who may not have an economic gain from investing in the fund, which can lead to negative tax effects on investors, particularly non-US persons. Investments in certain non-US funds by US persons result in US tax and reporting obligations and failing to comply with such requirements can result in significant penalties. Funds generally have unique risks of loss as described in their offering documents. Funds can make use of leverage to enhance returns, which raise the risk of default, interest rate risk, and increase volatility. Certain funds invest in derivatives, which can raise specific counter-party risks. Funds that are not traded can have illiquidity and valuation risks resulting in the inability to redeem or sell the fund on demand. See the discussion below relating to risks in structured products and derivatives for more information on the risks of investing in funds.

Risks related to Structured Products & Derivatives: Finaport may invest in structured products or derivatives or invest in funds that hold investments in structured products or derivatives. In addition to the risks that apply to all investments in securities, investing and engaging in derivative instruments and transactions may involve different types of risk and possibly greater levels of risk. These risks include, but are not limited to the following:

Leverage. Certain investment instruments such as derivatives may use leverage to achieve returns. The use of leverage may have the effect of disproportionately increasing an account's

exposure to the market for the securities or other assets underlying the derivative position and the sensitivity of an account's portfolio to changes in market prices for those assets. Leverage will tend to magnify both the positive impact of successful investment decisions and the negative impact of unsuccessful investment decisions by Finaport on an account's performance.

Risks related to Cryptocurrencies:

Cryptocurrencies (also referred to as "virtual currencies" and "digital currencies"), including bitcoin, are digital assets designed to act as a medium of exchange.

Cryptocurrency is a new technological innovation with a limited history; it is a highly speculative asset and future regulatory actions or policies may limit, perhaps to a materially adverse extent, the value of a client's direct or indirect investment in cryptocurrency and the ability to exchange a cryptocurrency or utilize it for payments. In the United States, Virtual Currencies are not subject to federal regulatory oversight but may be regulated by one or more state regulatory bodies. One or more jurisdictions may, in the future, adopt laws, regulations or directives that affect Virtual Currency networks and their users. Moreover, Virtual Currency exchanges, as well as other intermediaries, custodians and vendors used to facilitate Virtual Currency transactions, are relatively new and largely unregulated in both the United States and many foreign jurisdictions.

The price of a Virtual Currency is based on the perceived value of the Virtual Currency and subject to changes in sentiment, and as a result fluctuations in value, which make these products highly volatile. The value of cryptocurrencies is determined by the supply and demand for cryptocurrency in the global market for the trading of cryptocurrency. The lack of a centralized pricing source poses a variety of valuation challenges. In addition, the dispersed

liquidity may pose challenges for market participants trying to exit a position, particularly during periods of stress. In addition, the amounts of fees paid in connection with Virtual Currency transactions are subject to market forces and it is possible that the fees could increase substantially during a period of stress. Cryptocurrency facilitates decentralized, peer-to-peer financial exchange and value storage that is used like money, without the oversight of a central authority or banks. The value of cryptocurrency is not backed by any government, corporation, or other identified body. Similar to fiat currencies, cryptocurrencies are susceptible to theft, loss and destruction. The price of a cryptocurrency could drop precipitously for a variety of reasons, including, but not limited to, regulatory changes, a crisis of confidence, flaw or operational issue in the cryptocurrency's network or a change in user preference to competing cryptocurrencies. A client's exposure to cryptocurrency could result in substantial losses.

Cryptocurrencies trade on exchanges, which are largely unregulated and, therefore, are more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and other currencies. Virtual Currency exchanges generally purchase Virtual Currencies for their own account on the public ledger and allocate positions to customers through internal bookkeeping entries. A Virtual Currency exchange may not hold sufficient Virtual Currencies and funds to satisfy its obligations and such deficiency may not be easily discovered. These exchanges have in the past, and may in the future, cease operating temporarily or even permanently, resulting in the potential loss of users' cryptocurrency or other market disruptions. Cryptocurrency exchanges that are regulated typically must comply with minimum net capital, cybersecurity, and anti-money laundering requirements, but are not typically required to protect customers or their markets to the same extent that regulated securities exchanges or futures

exchanges are required to do so. Furthermore, many cryptocurrency exchanges lack certain safeguards established by traditional exchanges to enhance the stability of trading on the exchange and, as a result, the prices of cryptocurrencies on these exchanges may be subject to larger and more frequent sudden declines than assets traded on traditional exchanges. In addition, cryptocurrency exchanges are also subject to the risk of cybersecurity threats and breaches, resulting in the theft and/or loss of cryptocurrencies, and/or an adverse effect on value of cryptocurrencies. Factors affecting the further development of cryptocurrency include, but are not limited to: continued worldwide growth or possible cessation or reversal in the adoption and use of cryptocurrency and other digital assets; government and quasi-government regulation or restrictions on or regulation of access to and operation of digital asset networks; changes in consumer demographics and public preferences; maintenance and development of open-source software protocol; availability and popularity of other forms or methods of buying and selling goods and services; the use of the networks supporting digital assets, such as those for developing smart contracts and distributed applications; general economic conditions and the regulatory environment relating to digital assets; negative consumer or public perception; and general risks tied to the use of information technologies, including cyber risks. The opaque underlying or spot market poses asset verification challenges for market participants, regulators and auditors and gives rise to an increased risk of manipulation and fraud.

With respect to a Virtual Currency that is a virtual currency derivative, since the initial margin for the Virtual Currency may be set as a percentage of the value of a particular contract, margin requirements for long positions can increase if the price of the contract rises. In addition, certain futures commission merchants may pose restrictions on customer trading activity in virtual currency derivatives, including requiring

additional margin, imposing position limits, prohibiting naked shorting and prohibiting give-in transactions. The rules of certain designated contract markets impose trading halts that may restrict a market participant's ability to exit a position during a period of high volatility.

Cryptocurrency Tax Implications. On March 25, 2014, the Internal Revenue Service (the "IRS") issued a notice regarding certain U.S. federal tax implications of transactions in, or transactions that use, virtual currency (the "Notice"). According to the Notice, virtual currency is treated as property, not currency, for U.S. federal tax purposes, and "[g]eneral tax principles applicable to property transactions apply to transactions using virtual currency." In part, the Notice provides that the character of gain or loss from the sale or exchange of virtual currency depends on whether the virtual currency is a capital asset in the hands of the taxpayer. Accordingly, in the U.S., certain transactions in virtual currency are taxable events and subject to information reporting to the IRS to the same extent as any other payment made in property. Additionally, the IRS recently issued a revenue ruling regarding certain tax consequences of "hard forks" and "airdrops" of a cryptocurrency (the "Revenue Ruling"). The Revenue Ruling provides that a taxpayer does not have gross income as a result of a hard fork of a cryptocurrency the taxpayer owns if the taxpayer does not receive units of a new cryptocurrency. However, an airdrop of a new cryptocurrency following a hard fork generally results in ordinary income to the taxpayer if the taxpayer receives units of new cryptocurrency. Although the IRS has issued the Notice and the Revenue Ruling, the U.S. Department of Treasury and the IRS may publish future guidance that provides for adverse tax consequences to the clients and investors in the clients. Clients should be aware that tax laws and Regulations change on an ongoing basis, and that they may be changed with retroactive effect. Moreover, the interpretation and application of tax laws and regulations by certain tax authorities may not be clear, consistent or

transparent. As a result, the U.S. federal tax consequences of investing in the clients are uncertain.

Counterparty Credit Risk: When a derivative is purchased, a client's account will be subject to the ability and willingness of the other party to the contract (a "counterparty") to perform its obligations under the contract. Although exchange traded futures and options contracts are generally backed by a guarantee from a clearing corporation, an account could lose the benefit of a contract in the unlikely event that the clearing corporation becomes insolvent. A counterparty's obligations under a forward contract, over-the-counter option, swap or other over-the-counter derivative contract are not so guaranteed. If the counterparty to an over-the-counter contract fails to perform its obligations, an account may lose the benefit of the contract and may have difficulty reclaiming any collateral that an account may have deposited with the counterparty.

Lack of Correlation: The market value of a derivative position may correlate imperfectly with the market price of the asset underlying the derivative position. To the extent that a derivative position is being used to hedge against changes in the value of assets in an account, a lack of price correlation between the derivative position and the hedged asset may result in an account's assets being incompletely hedged or not completely offsetting price changes in the derivative position.

Illiquidity: Over-the-counter derivative contracts are usually subject to restrictions on transfer, and there is generally no liquid market for these contracts. Although it is often possible to negotiate the termination of an over-the-counter contract or enter into an offsetting contract, a counterparty may be unable or unwilling to terminate a contract with an account, especially during times of market instability or disruption. The markets for many exchange traded futures, options and other

instruments are quite liquid during normal market conditions, but this liquidity may disappear during times of market instability or disruption.

Less Accurate Valuation: The absence of a liquid market for over-the-counter derivatives increases the likelihood that Finaport will not be able to correctly value these investments.

Risks Relating to Foreign Currency Exposure: Accounts managed by Finaport are routinely subject to foreign exchange risks and bear a potential risk of loss arising from fluctuations in value between the US Dollar and such other currencies. Finaport primarily invests in securities and other investments that are denominated in currencies other than US Dollars. Some client's accounts hold significant foreign cash positions. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. Often clients are seeking this foreign currency exposure. Thus, Finaport generally does not seek to hedge the foreign currency exposure. Even to the extent that Finaport does seek to hedge the foreign currency exposure, such hedging strategies may not necessarily be available or effective.

Non-US Investments: Investments in non-US securities expose the client's portfolio to risks that in addition to those risks associated with investments in US securities. Such risks include, among other things, trade balances and imbalances, economic policies of various foreign governments, exchange control regulations, withholding taxes, potential for nationalization of assets or industries, and the political instability of foreign nations.

Item 9. Disciplinary Information

Finaport has not been involved in any legal or disciplinary events.

An employee of the firm, Mr. Gian Gisler, along with several other former employees of UBS AG, as well as other Swiss Asset Management firms have been named as defendants in a pending criminal indictment dated August 4, 2011.

The indictment alleges one count of conspiracy to defraud the United States for impeding the collection of U.S. income taxes by the IRS of the treasury department by assisting U.S. customers to avoid U.S. income taxes in connection with activity that took place from 1995 to 2010. The charge and allegations have not been proven to be true or false, and the defendant is presumed innocent unless and until proven guilty. The proceedings remain pending, and the timing and outcome of the prosecution cannot be predicted or the potential impact of such outcome on Finaport.

Item 10. Other Financial Industry Activities and Affiliations

Finaport is registered as an investment adviser in Switzerland with the Schweizerische Aktiengesellschaft für Aufsicht - AOOS ("AOOS"), Clausiusstrasse 50, 8006 Zurich, Switzerland. The AOOS is a Supervisory Organization (Aufsichtsorganisation "AO") officially recognized and supervised by the Federal Financial Market Supervisory Authority ("FINMA") and is obliged to supervise its members on the combating of money laundering and the prevention of the financing of terrorism.

Finaport is moreover a member of OFS ("Ombud Finance Schweiz"), which provides dispute resolution services to affiliated financial institutions, financial service providers, financial advisers and their clients. Its services are available upon request. OFS is recognized by the Swiss Federal Department of Finance and is subject to supervision by the Swiss Federal Supervision Authority.

Finaport's management personnel are neither registered, nor have an application pending to register as broker-dealers, registered

representatives of a broker-dealer, future commission merchants, commodity pool operators, commodity trading advisors, or associated persons of the foregoing entities.

Finaport shares physical space and supervised personnel with its affiliates / other members of Finaport Holding and bases its investment decisions on various sources including information of Finaport Ltd. Finaport does not believe above arrangement presents a conflict of interest for the clients of Finaport. Finaport does not recommend or select other investment advisers for its clients.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Finaport seeks to minimize conflicts of interest and resolve those conflicts of interests in favor of its clients to the extent it determines reasonable and necessary in accordance with its Code of Ethics, however, Finaport may receive indirect compensation from time-to-time as a result of its investment advisory activities, and Finaport recognizes that this presents a conflict of interest as described elsewhere in this brochure.

Code of Ethics

Finaport treats all clients equitably and has a duty to act in its clients' best interests. Except as otherwise described in this brochure, the interests of clients will be placed above Finaport's interests in case of any conflict. Finaport has adopted a Code of Ethics (the "code") and attendant policies and procedures governing personal securities transactions by Finaport and its personnel. The code also provides guidance and instruction to Finaport and its personnel on their ethical obligations in fulfilling its duties of loyalty, fairness and good faith towards the clients.

The overriding principle of Finaport's Code of Ethics is that all employees of Finaport owe a fiduciary duty to clients for whom Finaport acts as investment advisor or sub-advisor. Accordingly, employees of Finaport are responsible for conducting personal trading activities in a manner that does not interfere with a client's portfolio transactions or take improper advantage of a relationship with any client.

The code contains provisions designed to try to: (i) prevent, among other things, improper trading by Finaport's employees; (ii) identify conflicts of interest; and (iii) provide a means to resolve any actual or potential conflicts of interest in favor of the clients. The code attempts to accomplish these objectives by, among other things: (i) requiring pre-clearance of specific trades, which includes documenting any exceptions to such pre-clearance requirement; (ii) restricting trading in certain securities that may cause a conflict of interest, as well as (iii) periodic reporting regarding transactions and holdings of employees. The code contains sections including, but not limited to, the following key areas: (i) restrictions on personal investing activities; (ii) gifts and business entertainment; and (iii) outside business activities.

The code also provides for Finaport's execution of supervisory policies and procedures, and the review and enforcement processes of such policies and procedures. Finaport has designated a Chief Compliance Officer responsible for maintaining, reviewing and enforcing Finaport's Code of Ethics and corresponding policies and procedures.

The fundamental position of Finaport is that, in effecting personal securities transactions, personnel of Finaport must place at all times the interests of clients ahead of their own pecuniary interests. All personal securities transactions by these persons must be conducted in accordance with the Code of Ethics and in a manner to avoid

any actual or potential conflict of interest or any abuse of any person's position of trust and responsibility. Further, these persons should not take inappropriate advantage of their positions with or on behalf of a client.

If a person subject to the Code of Ethics fails to comply with the code, such person may be subject to sanctions, which may include warnings, disgorgement of profits, restrictions on future personal trading, and, in the most severe cases, the possibility of dismissal.

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

Participation or Interest in Client Transactions

Although Finaport does not hold proprietary positions, Finaport's related persons may own, buy, or sell for themselves the same securities that they or Finaport have recommended to clients. Thus, from time-to-time, a client account may purchase or hold a security in which a related person of Finaport has financial interest or an ownership position, or a related person may purchase a security that is held in a client account.

Also from time-to-time, Finaport employees or related persons may invest alongside the firm's clients, both to align the interest of firm and personnel and firm clients and as an expression of confidence in our portfolio management efforts.

In order to minimize this conflict of interest, securities recommended by Finaport are widely held and publicly traded. In addition, in accordance with its fiduciary duty to clients, Finaport and its associated persons will place client interests ahead of their own interests. Any transactions must be carried out in a manner that does not work to the disadvantage of clients' transactions or result in a conflict of interest, or even the appearance of a conflict of interest. In order to ensure that Finaport

personnel never trade ahead of their clients, the firm requires all trading in specific positions for officer and employee accounts to come after the analogous trades are executed for client accounts.

Item 12. Brokerage Practices

Finaport's clients primarily open accounts at custodial banks in Switzerland. Each client may select the bank for his or her account and accounts can be booked with US custodians as well. Finaport does not select custodial banks on a client's behalf.

Each custodian bank has its own policies and procedures relating to brokerage. Generally, the custodial banks require Finaport to route securities orders through the trading desk of the bank thus not permitting Finaport to select the broker-dealer. As Finaport will not have discretion in selecting the broker-dealer, the client should be aware of the incumbent risks associated with such arrangement.

For cryptocurrency trading and custody, Finaport will utilize Swiss regulated banks, including but not limited to, Amina Bank. Finaport will select and recommend any brokers, exchanges, or custodians based on a number of factors, including, but not limited to, ease of administration, quality of execution, commission rates, and pre-existing agreements. Finaport generally seeks to minimize the total price (taking into account applicable exchange fees) for each transaction. In certain cases, Finaport may have little or no choice as to which exchange to execute a transaction on, because a Cryptocurrency asset is only available for trading on one or a small number of exchanges. This could lead to higher costs associated with purchases or sales of cryptocurrency assets. Clients will pay fees to the custodian for trading and custody of cryptocurrency assets, which will be charged directly to client's Account at the custodian.

Brokers Selected by the Custodian Bank

Brokerage for transactions involving assets held at Swiss banks generally must be made through the broker-dealer specified by the custodian bank. In most cases, Swiss custodian banks act as a broker-dealer and/or maintain relationships with designated broker-dealers (including potentially an affiliate of the custodian bank). If required by the custodian bank, Finaport effectuates security transactions through the custodian bank, or the broker or dealer designated by the custodian bank selected by the client. In such cases, Finaport cannot guarantee that the client will receive best execution or the best commissions because Finaport does not control these factors. Clients should be aware of the factors outlined below under the heading *Directed Brokerage* as these factors also apply with respect to assets maintained at Swiss banks. Clients also should be aware of the potential that the broker-dealer used for transactions may not be a registered broker-dealer under the Exchange Act.

Client Directed Brokerage

A client may direct Finaport to use a particular broker or dealer who has an existing relationship with, or provides custodial or other services, to a client. Finaport requires any directed brokerage instructions to be in writing unless such arrangement is inferred in the context of the custodian's brokerage limitations. Generally, all Swiss custodian banks require use of their broker, and as a result, Finaport treats such arrangements as client-directed brokerage because the client selects the custodian bank. Before choosing to enter into a directed brokerage arrangement, clients should be aware of the following disadvantages:

- Finaport will not be able to negotiate commission rates with the designated broker because Finaport will not have the negotiating leverage that results from the ability to trade away from a designated broker.

- Directed brokerage may cost clients more money. Directed brokerage clients may pay higher commission rates than those paid by other clients, may receive less favorable trade executions and may not obtain best execution on their transactions.
- Directed brokerage accounts will not be able to participate in aggregated or block transactions with other clients. This will preclude directed brokerage accounts from obtaining the volume discounts or more favorable terms that might be available from aggregated transactions.
- If Finaport is placing orders in the same security for both directed brokerage clients and clients that use other brokers, Finaport usually place orders for directed brokerage clients after it has placed orders for other clients.

Finaport Selection of Broker-Dealers

When the custodian bank permits Finaport to select the broker-dealer, Finaport will route securities orders to purchase and sell securities for those client Accounts held at the bank to independent brokers and dealers.

In selecting brokers and dealers to effect client transactions, Finaport attempts to obtain for clients: (i) the prompt execution of client transactions while market conditions still favor the transaction and (ii) the most favorable net prices reasonably obtainable. This is called “best execution.” In placing orders to purchase and sell equity securities, Finaport selects brokers that it believes will provide the best overall qualitative execution given the particular circumstances. A broker may provide more favorable terms and a higher quality of service to customers who place a higher volume of transactions through that broker. Accordingly, to obtain the benefits of higher volume trading for clients, we may place a large portion of client equity transactions through a limited number of brokers that meet Finaport’s quality standards. When selecting a new equity broker, Finaport conducts a due-diligence review of the broker to evaluate

whether the broker is likely to provide best execution. We may consider any of the following factors:

- The ability of the custodian bank to settle transactions with the broker.
- The quality of services provided (including commissions, which may not be the lowest available, but which ordinarily will not be higher than the generally prevailing competitive range).
- The extent of coverage of the various markets Finaport trades in.
- The broker’s ability to communicate effectively with Finaport.
- The broker’s ability to execute and settle difficult trades.
- Whether or not the broker offers lower cost electronic trading.
- The broker’s clearance and settlement efficiency.
- Whether or not the broker can handle Finaport’s range of order sizes.
- The broker’s ability to maintain confidentiality and anonymity.
- The reputation of the broker.
- The stability and financial strength of the broker.

Due to the fact Finaport is based in Switzerland and many of the securities purchased are non-US securities, the brokers used by Finaport may not be registered with the SEC under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Finaport’s Chief Compliance Officer reviews the due diligence performed and approves or rejects the selection of each broker. On a regular basis, Finaport monitors the services provided by the approved brokers, the quality of executions and research, commission rates, overall brokerage relationship, and any other issues. Finaport will periodically reconsider whether placing a large portion of client trades through a particular broker continues to be in its clients’ best interest.

Block Trades

As it is Finaport policy not to aggregate client transactions, but to do such transactions on a client-by-client basis through the respective custodial banks, the transaction costs and commissions for each client may be higher.

Should Finaport combine orders into block trades when purchasing the same security for multiple client accounts, such aggregated orders (“block trades”) will be pre-allocated amongst the participating client accounts. When selecting the participating accounts, a variety of factors such as suitability, investment objectives and strategy, risk tolerance and/or the ability to invest additional funds will be taken into consideration. In determining the portion for each participating account further factors such as account’s size, diversification, asset allocation and position weightings as well as any other appropriate factors might be of relevance. Participating accounts in a block trade placed with the same broker or the same custodian bank generally will receive an average price. Transaction costs will be shared on a proportionate basis and as determined in the agreement with the custodian. This can either be a sharing on a pro rata basis, or covered with a “ticket fee”, or based on the implemented digressive model, whereas costs decrease in relation to the purchased quantity and include the application of a minimum rate, when shared costs are below a defined amount. Partial fills of transactions will be allocated on a pro rata share basis.

Because Finaport’s clients maintain accounts at different custodian banks and because many of these custodian banks mandate the use of a specific broker (see description above), often Finaport places more than one block trade for the same security with more than one broker. Finaport transmits such block trades to more than one broker in a random pattern (*i.e.*, Finaport does not favor one custodian bank or broker over another with respect to the order in

which block trade orders are sent). The average price realized on a securities order placed with different brokers will vary broker to broker, and clients generally will receive different average prices and transaction costs for the same security order depending upon the custodian bank and the respective broker used in the block trade. Also note, since most Swiss custodian banks warehouse securities orders until filled, there may be delays in settlement between client accounts depending on the practice of the respective custodian bank and/or broker.

Decision Making Process; Balancing the Interests of Multiple Client Accounts

In making the decision as to which securities are to be purchased or sold and the amounts thereof, Finaport is guided by the general guidelines set up at the inception of the adviser-client relationship in cooperation with the client and a periodic review of the asset allocation. These general guidelines cover such matters as the relative proportion of debt and equity securities to be held in the portfolio, the degree of risk that the client wishes to assume and the types and amounts of securities to be held in the portfolio. Finaport’s authority may be further limited by specific instructions from the client, which may restrict or prohibit transactions in certain securities.

Finaport may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that may trade in the same securities. Despite such similarities, portfolio decisions relating to client investments and the performance resulting from such decisions may differ from client to client. Finaport will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible clients, particularly if different clients have selected different investment profiles, have materially different amounts of capital under management with Finaport or different amounts of investable cash available. In certain instances, such as

purchases of less liquid publicly traded securities or oversubscribed public offerings, it may not be possible or feasible to allocate a transaction pro rata to all eligible clients, especially if clients have materially different sized portfolios. Therefore, not all clients will necessarily participate in the same investment opportunities or participate on the same basis.

Use of Soft Dollars

Finaport may maintain soft dollar arrangements, and to the extent it does it will only do so in accordance with the conditions of the safe harbor provided by Section 28(e) of the Exchange Act. Section 28(e) is a “safe harbor” that permits an investment manager to use brokerage 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, certain valuation and pricing data and economic data); and advice from brokers on order execution.

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 investment 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 and 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.

Trade Errors

Although Finaport’s goal is to execute trades seamlessly in the manner intended by the client and consistent with its investment decisions, Finaport recognizes that errors can occur for a variety of reasons. Finaport’s policy in dealing with such errors is to:

- Identify any errors in a timely manner.
- Correct all errors so that any affected account is placed in the same position it would have been in had the error not occurred.
- Incur all costs associated with correcting an error (or to pass the costs on to the broker, depending on which party is at fault). Costs from corrective actions are not to be passed on to a client.
- Evaluate how the error occurred and assess if any changes in any processes are warranted or if any continuing education is required.

The consequences and the required corrective measures may be different depending upon the nature of the error or the account affected.

Item 13. Review of Accounts

Discretionary accounts: All discretionary accounts are quarterly reviewed in an effort to ensure that they remain aligned with the client’s investment plan and are positioned appropriately given current market conditions as part of Finaport’s general investment process.

Non-discretionary accounts: Non-discretionary accounts are quarterly reviewed to make sure investments are consistent with client’s risk profile and objectives.

Annual review: The relationship managers are responsible for the periodic review (at least annually) of client accounts. The annual review covers all key aspects of the client relationship, including, among other things, any changes in the client's personal and financial situation, risk profile and the suitability of the chosen investment program.

Item 14. Client Referrals and Other Compensation

Finaport may pay fees for client referrals. Such arrangements comply with the conditions and requirements of Rule 206(4)-1 under the Investment Advisers Act of 1940.

Finaport is a fee-only adviser. Finaport's policy is not to accept compensation from third parties relating to the investment advice it gives to its clients. To the extent Finaport receives a referral fee for an investment it recommends, it will reduce the fees owed by the respective client to Finaport or will credit the respective client's Account for the applicable amount. For these purposes, referral fees include marketing fees, discounts, finder's fees, service fees, including shareholder service fees, referral fees, 12b-1 fees or bonus commissions paid by mutual funds, privately offered funds, insurance products, variable annuities or other investment products paid to Finaport for recommending an investment, for investing client funds in such product or for marketing assistance or the performance of certain administrative tasks associated with making an investment.

Finaport's employees or associated persons may be invited to attend seminars and meetings with the costs associated with such meetings borne by a sponsoring brokerage firm or other party extending the invitation.

Item 15. Custody

Finaport typically is given authority to have its fees directly deducted from a client's account.

Consequently, Finaport is deemed to have custody of such funds. In such cases, Finaport has established procedures to ensure the client's account is held at a qualified custodian in a separate account for each client. The client establishes the bank account directly and thus is aware of the qualified custodian's name, address and the manner in which investments are maintained. Account statements are prepared by the custodian bank. Generally, these statements include a listing of all valuations and all transactions occurring during the period.

Item 16. Investment Discretion

Finaport accepts discretionary authority to manage client accounts as described above. Clients rarely restrict the authority by which Finaport may act; however, each client has the opportunity to communicate any form of limitation in writing. In the context of a discretionary mandate, Finaport makes investment decisions without consulting the client by utilizing its limited power of attorney for the management of the account maintained at the custodian bank selected by the client. In the context of a non-discretionary mandate, Finaport's investment discretion is limited to an advisory role and Finaport does not implement investment decisions without the approval of the client. Finaport never has discretionary authority to select a qualified custodian for a client's account.

Item 17. Voting Client Securities

Proxy Voting

Finaport generally does not have the authority to vote client proxies. Clients make arrangements directly with their custodian to vote proxies for securities or where proxy or other solicitation materials have to be sent to. If Finaport inadvertently receives any proxy materials on behalf of a client, Finaport will promptly forward such materials to the client.

Finaport will exercise investment authority for certain corporate actions (such as, but not limited to tenders, rights offerings, splits etc.) in connection with discretionary accounts. For advisory clients, corporate actions are discussed with them prior to the event taking place.

Clients who have questions about proxies may contact Finaport for further information.

Class Actions

Finaport does not direct client participation in class action lawsuits. Finaport will determine whether to return any documentation inadvertently received regarding clients' participation in class actions to the sender, or to forward such information to the appropriate clients.

Finaport will not advise or act on behalf of clients in any legal proceeding, including bankruptcies or securities shareholder class action litigation involving securities held or previously held in client accounts. Accordingly, Finaport is not responsible for responding to, or forwarding to clients, any class action settlement offers relating to securities currently or previously held in the client account.

Item 18. Financial Information

Finaport has not been the subject of a bankruptcy petition at any time. As of the date of this brochure we do not believe it is reasonably likely that any future liability will impact our ability to meet our contractual commitments to our clients.