



Spectra Investment Management, LLC

Form ADV Part 2A: Firm Brochure

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Spectra Investment Management, LLC is a registered investment adviser. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities.

Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure ("Brochure") provides information about the qualifications and business practices of Spectra Investment Management, LLC ("Spectra"). If you have any questions about the contents of this brochure, please contact us at (772) 324-5640. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Spectra Investment Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The purpose of this page is to inform you of any material changes since the previous version of this brochure. We review and update our brochure at least annually to make sure that it remains current. The most recent update of our brochure was March 19, 2024, and contained the following material changes:

- [Item 4 has been amended to reflect:](#)
 - Discretionary assets under management of \$207,449,419 and non-discretionary assets under management of \$12,529,181. Assets under advisement of \$119,389,891.
 - Updated language pertaining to Insurance Analysis and Estate Analysis
- [Item 8 has been amended to reflect:](#)
 - Updated language pertaining to Source of Returns Analysis and Asset Allocation.
 - Updated language pertaining to Investment Strategy the Global Equity Strategy and the Spectra Managed US Large-Cap Value Strategy.
- [Item 14 has been amended to reflect:](#)
 - Added language pertaining to Client Referrals and Other Compensation

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Item 4 – Advisory Business

Spectra Investment Management, LLC (hereinafter “Spectra”) is a registered investment advisor based in Stuart, Florida with a second office location in West Palm Beach, FL. We are a limited liability company, organized under the laws of the State of Delaware. We have been providing investment advisory services since 2017. We serve high-net worth clients, families and their related entities. On a limited basis, we may provide portfolio management services or investment consulting services to businesses and non-profit entities.

Amount of Supervised Assets

As of March 19, 2024, the following represents the amount of Spectra’s clients’ assets under management on a discretionary and non-discretionary basis:

Discretionary: \$207,449,419

Non-Discretionary: \$12,529,181

Total: \$219,978,600

Spectra also receives compensation for directing the asset allocation and investment selection of investible assets and advising on illiquid assets and wealth transfer strategies on an additional \$119,389,891 of client assets.

Scott Alan Roads is the majority owner and Managing Member of Spectra. Julia Elizabeth Zaino is a minority owner, Member and the Chief Compliance Officer.

Spectra is headquartered in Stuart, Florida at 401 SE Osceola Street, Suite 202, Stuart, Florida and has a second office location in West Palm Beach, FL at 501 Palm Street, Suite B-6, West Palm Beach, Florida.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Where required, such persons are properly registered as investment advisor representatives.

Currently, we offer the following investment advisory services, personalized to each Client:

- Portfolio Management Services
- Family Office Services
- Financial Planning Services
- Investment Consulting Services
- Outsourced Chief Investment Officer Services

Portfolio Management Services

Our firm offers continuous discretionary and, in limited cases, non-discretionary portfolio management services. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions are made based upon your stated investment objectives. You may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Non-discretionary portfolio management service means that we must obtain your approval prior to making any transactions in your account.

Our investment advice is tailored to meet your needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you with discretionary management or providing you with non-discretionary investment advice.

Spectra mainly uses equity securities, exchange traded funds, mutual funds, U.S. government securities, corporate debt securities, municipal securities, and options strategies in its portfolio management programs. We may also recommend investments in private limited partnerships such as hedge funds and private equity. Hedge funds and private equity investments involve risk of loss and are often illiquid. These private partnership interests, commonly referred to generically as private equity, may be composed of equity, debt, venture capital or real estate.

Because some types investments involve certain additional degrees of risk they will only be implemented/recommended when suitable with the client's stated investment objectives, tolerance for risk, and tolerance for illiquidity.

Family Office Services

Spectra may be asked to review, coordinate or source certain wealth management and lifestyle services. Spectra does not charge a separate fee for these services and will be handled on a case-by-case basis to be a helpful resource to our clients. These services are not a core function of our business and involve idiosyncratic risks to the client and to Spectra. These services will be handled with professional care and fiduciary judgement. Some of these products and services include:

- Review, coordinate or source wealth, asset and business management services and services of banks, trust departments, brokers, asset managers, insurance, accountants, lawyers, property managers and construction services.
- Bill payment with standing letters of authorization.
- Aggregate and report on non-discretionary financial, non-financial and illiquid assets using technology with direct data feeds to custodians or by other means of asset data entry.
- Coordinate tax reporting with CPA firms, coordinate commercial real estate activity, coordinate and source charitable vehicles and entities, reconcile ad-hoc client requested financial activities.
- Provide ongoing financial education to second and third generation family members.

- Review, coordinate or source lifestyle services for private travel, yacht acquisition and management, collectables, personal and cyber security and real estate acquisition and management related to primary and secondary residence(s), ranch(s), hanger(s), dock(s).

Financial Planning Services

We offer various financial planning related services, which assist some, but not all, Clients in the management of their financial resources. Financial planning services are based upon an analysis of your individual needs and begin with one or more information gathering consultations. Once we collect and analyze all documentation gathered during these consultations, we provide a written financial plan designed to achieve your financial goals and objectives. In this way, Spectra assists you in developing a strategy for the successful management of income, assets, and liabilities. In general, financial planning services may include any one or all of the following:

- Cash Flow Analysis – Assessment of your present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements etc. The firm advises on ways to reduce risk, coordinate, and organize records, or estate information.
- Retirement Analysis – Identification of your long-term financial and personal goals and objectives including advice for accumulating wealth for retirement income or appropriate distribution of assets following retirement. Tax consequences and implications are identified and evaluated.
- Insurance Analysis – Spectra does not analyze or recommend insurance programs or policies. Insurance policies and placement are a highly specialized financial planning field that requires a dedicated insurance specialist who can gauge the quality and pricing of insurance policies and carriers.
- Portfolio Analysis/Investment Planning – We provide investment analysis, including asset allocation, and effect on your portfolio. We evaluate economic and tax characteristics of existing investments as well as their suitability for your objectives. We identify and evaluate tax consequences and their implications.
- Education Savings Analysis – Alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education.
- Estate Analysis – Spectra does not practice law or prepare tax returns. Because many of the clients we serve have taxable estates, we strongly believe estate analysis should involve the expertise of an experienced trust, estate, or tax lawyer.

The recommendations and solutions are designed to achieve your desired goals, subject to periodic evaluation of the financial plan, which may require revision to meet changing circumstances. Financial plans are based on your financial situation based on the information provided to the firm. We should be notified promptly of any change to your financial situation, goals, objectives, or needs.

You can also request financial planning or investment consulting services that cover a specific area, such as retirement or estate planning, asset allocation analysis, manager due diligence and 401(k) platform due diligence. We offer consultative services where we set an appointment to meet with you for financial planning advice for an hourly fee.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory, brokerage, or insurance provider of your choice.

Investment Consulting Services

Spectra provides several investment consulting services on a stand-alone basis or in combination with other services. While the primary Clients for these services will be businesses, individuals, trusts, estates, donor advised funds and charitable organizations, Spectra will also offer these services, where appropriate, to pension, profit sharing, 401(k) and 403(b) plans. Investment consulting services are generally comprised of four distinct services. Clients may choose to use any or all of these services.

- **Investment Policy Statement Preparation** (hereinafter referred to as "IPS"): Spectra will meet with the Client (in person or over the telephone) to determine an appropriate investment strategy that reflects the Client's stated investment objectives for management of the overall portfolio. Spectra then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.
- **Selection of Investment Vehicles**: Spectra will review various investment vehicles or portfolios of equity securities, exchange traded funds, mutual funds, U.S. government securities, corporate debt securities, and municipal securities in its portfolio management programs. We may also evaluate or recommend investments in limited partnerships such as hedge funds and private equity. Hedge funds and private equity investments involve risk of loss and are often illiquid. Private partnership interests, commonly referred to generically as private equity, may be composed of equity, debt, venture capital or real estate. The number of investments to be recommended will be determined on a case by case basis considering the Client's preferences and total portfolio.
- **Monitoring of Investment Performance**: If specified in the Investment Consulting Services agreement, Client portfolios can be monitored continuously based on the procedures and timing intervals outlined in the Investment Policy Statement. Although Spectra will not be involved in any way in the purchase or sale of these investments, Spectra will supervise the Client's portfolio and will make recommendations to the Client as market factors and the Client's needs dictate.

Spectra provides limited scope investment advisory services to 401(k), 457(b), and 403(b) retirement plans. The scope of investment consulting services we provide to these retirement plans is limited to the evaluation of mutual fund performance, participant choices, pricing, and testing for retirement plan conflicts of interest. Working together with the plan sponsor's attorney, Spectra provides independent investment expertise to plan decision makers but not to individual account participants.

All of our investment consulting services, whether general or customized, will be outlined in a written agreement that shows the services that will be provided and the fees that will be charged for those services.

Outsourced Chief Investment Officer Services

Spectra's Outsourced CIO Services (OCIO) is a hybrid of discretionary asset management and non-discretionary investment consulting. Each of the service engagements is customized with the scope of services outlined in a customized written agreement. Under this arrangement, Spectra works with individuals, entities or committees to set appropriate investment policy, portfolio construction, trading, and administrative functions. Spectra's Outsourced CIO Services are most suitable for ultra-high-net-worth clients seeking a comprehensive investment management framework. OCIO services may include:

- Determination of goals, investment beliefs and preferences expressed in the Investment Policy Statement.
- Engagement and termination of investment managers that fit or fall outside of Investment Policy Statement parameters.
- Portfolio construction based on quantitative and qualitative measures or within the parameters of the Investment Policy Statement.
- Support client's outside legal and tax advisors with investment insights.
- Report on manager and aggregate performance, asset allocation, transactions and fees.

Item 5 – Fees and Compensation

Portfolio Management Services

Spectra charges an annual fee based upon a percentage of the market value of the assets being managed. We charge the following annualized asset management fees:

<u>Assets Under Management</u>		<u>Annual Fee</u>
First	\$2,000,000	1.25%
Next	\$3,000,000	1.00%
Next	\$5,000,000	0.75%
Next	\$15,000,000	0.65%
Over	\$25,000,000	0.35%

Portfolio management fees may be negotiable depending on factors such as the amount of assets under management, degree of financial planning, range of investments, and complexity of your financial circumstances, among others. Since this fee is negotiable, the exact fee paid by you will be clearly stated in the advisory agreement signed by you and us.

Portfolio management fees are billed monthly, in arrears, and are based on the value of your portfolio at the end of the preceding month. If you provide written authorization to us, the advisory fee will be deducted from your account held with a non-affiliated qualified custodian. The qualified custodian will provide you with an account statement at least quarterly. This statement will detail all account activity, including the advisory fees deducted from your account(s).

Our annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses. You are responsible for brokerage costs incurred. However, Spectra will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

At the inception of investment management services, the first pay period's fees will be calculated on a pro-rata basis. The management agreement between you and Spectra will continue in effect until either party terminates the management agreement in accordance with the terms of the management agreement. Spectra's annual fee will be pro-rated through the date of termination. Refunds are not applicable since all portfolio management fees are payable in arrears.

Spectra may charge a negotiated fee on hedge funds and private equity funds. This fee will be negotiated on a case by case basis and may be discounted based on the frequency of valuation by the underlying fund managers. The exact fee paid by the Client will be clearly stated in a document signed by the Client and us. Spectra will not receive any remuneration from these funds, or any other investment funds recommended to Clients.

Spectra treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating Spectra's advisory fee. At any specific point in time, depending on perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, Spectra's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

Spectra has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Spectra will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Spectra determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, Spectra's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decision made by Spectra will be profitable or equal any specific performance level(s).

Financial Planning Services

For limited scope financial planning services Spectra does charge a fixed fee that is calculated by multiplying our negotiable hourly rate of \$500 by the estimated amount of time needed to complete the financial planning project.

If you engage us for additional investment advisory services, Spectra may offset all or a portion of its fees for those services based upon the amount paid for financial planning services.

Prior to engaging Spectra to provide financial planning services, you will be required to enter into a written financial planning agreement with us. The financial planning will set forth the terms and conditions of the engagement and will describe the scope of the services to be provided. Generally, fees are due upon completion of the agreed upon services. Other fee payment arrangements may be negotiated on a case-by-case basis. All such arrangements will be clearly set forth in the financial planning agreement signed by you and us.

Either party may terminate the financial planning agreement by written notice to the other. Since all planning fees are payable in arrears, refunds are not applicable.

Financial Planning Retainer Services

Spectra offers ongoing planning and consulting services on an annual basis that may include periodic meetings with Clients to review progress towards stated goals, a review of asset performance, implementation services, and minor updates to the existing plan. The fee for annual planning and consulting services is based upon our hourly rate and is payable on a monthly or quarterly basis.

You may choose to accept or reject our recommendations. If you decide to follow our recommendations, you can use our investment advisory services or any advisory, brokerage, or insurance provider you choose.

Note: Information related to tax and legal consequences that is provided as part of the financial plan is for informative purposes only. Clients are instructed to contact their tax or legal advisers for personalized tax or legal advice.

Investment Consulting Services

The compensation arrangement for these services will be based on hourly fees, fixed fees, or a percentage of assets. Services will be negotiated on a case-by-case basis. The exact fee paid by the Client will be clearly stated in the investment consulting agreement signed by the Client and us.

If you choose to have Spectra's fee deducted directly from your account, you must provide authorization. The qualified custodian holding your funds and securities will send you an account statement on at least a quarterly basis. This statement will detail account activity. Please review each statement for accuracy. Spectra will also receive a copy of your account statements from the custodian.

Outsourced Chief Investment Officer Services

The compensation arrangement for these services will be an agreed upon fixed annual fee. Services will be negotiated on a case-by-case basis depending on the time and complexity of the engagement and other

considerations. The exact fee paid by the Client will be clearly stated in the investment services agreement signed by the Client and us.

Individual Retirement Account Rollovers

As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from us.

An Associated Person who recommends an investor roll over plan assets into an Individual Retirement Account ("IRA") may earn an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, fees and expenses will increase to the investor as a result because the above-described fees will apply to assets rolled over to an IRA and outlined ongoing services will be extended to these assets.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interests and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

Additional Fees and Expenses

The fees Spectra charges may be negotiable based on the amount of assets under management, complexity of Client goals and objectives, and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of any advisory Client.

All fees paid to Spectra for investment advisory services are separate and distinct from the fees and expenses charged to shareholders by mutual funds, exchange traded funds, hedge funds and private equity funds. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. These fees and expenses are described in each fund's prospectus or subscription document. Mutual funds generally charge a management and expense fee for their services as investment managers. These are called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

You could invest in a mutual fund directly, without the services of Spectra. In which case, you would not receive the services provided by Spectra, which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and the fees charged by Spectra to fully understand the total amount of fees to be paid by you to evaluate the advisory services being provided.

General Information on Advisory Services and Fees

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

We shall never have custody of any Client funds or securities, as the services of a qualified and independent custodian will be used for these asset management services. We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given us written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory Client (15 U.S.C. §80b5(a)(1)).

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

Performance-based fees are based on a share of capital gains on or capital appreciation of the Client's assets. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account(s).

Item 7 – Types of Clients

We generally offer investment advisory services to high net worth individuals and other individuals, trusts, estates, foundations, and other charitable organizations, limited liability companies, corporations, pension and profit-sharing plans and other business entities.

We require a minimum of \$5,000,000 to establish an advisory relationship. At our sole discretion, we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

The focus of our methods of analysis and investment strategy are significantly influenced by 50-plus years of academic and practitioner research. This scholarly research is ongoing and represents approximations for how markets work. Judgement, or qualitative analysis, is applied to new research, client preferences, risk management, liquidity, and implementation. Judgement is particularly relevant with idiosyncratic illiquid investments that we recommend, manage or advise that our clients retain or sell.

Because there are no absolute investment truths, our investment beliefs underpin our methods of analysis and investment strategy. These are important for setting client expectations.

1. Risk & return are related - predictable in the long-run, virtually unpredictable in the short-run.
2. Liquid markets are imperfectly efficient - markets work most of the time, but not all the time.
3. Higher expected returns share common characteristics: cheaper and smaller stocks offer a higher return than expensive and larger stocks – a true statement across global markets.
4. Evidence suggests that valuations, volatility and returns mean-revert.
5. A long-term horizon investor can outperform a short-term investor - applying points 1 - 4.
6. Asset classes and styles don't go up forever, but investors suffer mightily often chasing the past 3- and 5-year returns. The inverse can lead to a significant advantage.
7. Bonds and cash are for income, risk management, and near-term goals.
8. True manager skill is hard to find net of fees and taxes - it's not impossible, just hard.
9. Judgement should be applied to idiosyncratic investments, market extremes, planning, and economic theory.
10. Career risk, incentives, and marketing have a strong influence on cost and outcomes.

Methods of Analysis

The following are different methods of analysis that we may use when providing you with investment advice. Spectra utilizes a mix of quantitative and qualitative methods utilizing third-party tools, financial reporting services and summary accounting metrics to make investment decisions. These techniques and tools are derived from academic research and literature, commercially available software technology, securities rating services, general market and financial information and applied to strategies, due diligence reviews and specific investment analysis that clients request.

- Source of Returns Analysis – Investment returns may be driven by business risk, market structure, liquidity, expected cash flows, and/or the skill of a given manager. As a result, much of our analysis focuses on understanding these sources of return and the associated risks. While the full set of risks associated with investing are too numerous to catalog, they may be represented by equity characteristics such as companies' relative size, price, cash flow, and profitability. Fixed income risk and return characteristics may include term, credit, liquidity, and whether the investment is real or nominal. We also consider whether various investment strategies may be able to produce additional forms of return due to variables such as leverage, valuation extremes, illiquidity, and others. Lastly, we consider if opportunities exist to enhance the return on a given investment by seeking access to managers with a competitive advantage and/or demonstrated and reproducible skills. Our analysis seeks to identify compensated forms of risk, market cycles, and long-horizon valuation differences (often described in academic finance literature as mean-reversion) and weight, or under-weight, strategies in those forms in which we have confidence will return to fair value.

- **Asset Allocation** – as the primary driver of performance, we seek to identify an appropriate ratio of securities, fixed income, and cash suitable to your investment goals and risk tolerance. A risk of asset allocation and diversification is that the client may not participate in sharp increases in a particular market, industry, or sector of the market. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.
- **Fundamental Analysis** – fundamental analysis is a technique that attempts to determine a security's value, or asset class attractiveness, by focusing on underlying factors/characteristics that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- **Technical Analysis** – technical analysis, sometime referred to as charting, is a technique that considers short-term moving averages on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. Further, it assumes that market psychology influences trading and can predict when stocks will rise or fall.
- **Cyclical Analysis** – cyclical analysis is a technique that looks at cycles, specifically analyzing the way asset classes and sectors deviate and revert back to the long-run mean or average valuation levels. When valuations are extreme, we seek to periodically capitalize on asset classes and sectors reverting to their long-term average state.
- **Multiple Regression Analysis** – multiple regression analysis is a method used when there are several independent variables, each of which may contribute to the ability to predict the dependent variable. The objective of multiple regression analysis is to summarize data as well as to quantify relationships among variables, expressed via an equation for predicting typical values of one variable given the value of other variables. This method of analysis is used to understand sources of return, market risk position and 3rd party manager skill with mutual funds, exchange traded funds and hedge funds.

Investment Strategy

After determining the appropriate asset allocation, we may use one or more investment strategy components when advising you on portfolio construction. Strategy components are portfolio vehicles that generally take two forms. The first are registered mutual funds, exchange-traded funds, and, if appropriate, hedge funds and private equity partnerships. The second form of investment vehicles are strategies that Spectra manages: individual stocks and investment-grade fixed-income securities. These strategies may be managed in a single account or by utilizing multiple accounts for a single client or legal entity. For example, Spectra may manage individual municipal bonds in one account, common stocks in another, and mutual funds in a third account. The three accounts combined represent the client's portfolio aligned with the investment objective and ratio of asset classes (stocks, bonds, alternatives, cash) appropriate for their goals and risk tolerance.

- Total Portfolio – will be a blend of equity, fixed-income and alternative strategy components. Our aim is to design a total portfolio strategy that helps you achieve returns for a given level of risk or to achieve a set of lifetime financial goals that our planning process has prescribed.
- Global Equity Strategy – global stock market diversification is the equity strategy starting point. The academic evidence shows that investors should own U.S., international and emerging markets stocks, not concentrating solely on U.S. companies. Equity portfolio weights to US and foreign markets will vary between a range of 40% to 75% in the US with offsetting weights in non-US stocks. With no confident way of knowing which specific country will generate high long-term returns, Spectra does not target individual countries and believes that diversification is the right strategy. From behavioral finance research, we understand the natural tension investing overseas and we are willing to accommodate Client preferences.

Next, abundant research shows that small-cap stocks have historically generated higher long-term returns than large-cap stocks and that value stocks — which are stocks with low prices relative to earnings, dividends, free cash flow, and book value of assets — have historically outperformed growth stocks. Spectra seeks to capture these historical long-term return premiums by varying the degree of tilts to value and small-cap stocks. At times of growth stock valuation extremes, experienced in 2000 and 2021, the degree of tilt to value stocks will be strong to capture value stock returns and avoid growth stock losses. Depending on valuation differences, the degree of small and value tilts in the global equity strategy can vary in US and non-US markets.

- Spectra Managed US Large-Cap Value – this Spectra managed diversified portfolio of medium and large common stocks applies our belief in market prices and drivers of long-term expected returns. The strategy invests primarily in US common stocks with a market capitalization of \$3 billion or higher, with a value investment style focusing on cheaper stocks relative to book value, earnings, and free cash flow. This strategy also includes quality stocks of companies that utilize free cash flow to grow dividends, manage debt and buy-back shares. The appropriate investment style benchmark for this strategy is the Russell 1000 Value Index, but the strategy will deviate from the benchmark. Tracking error, or active risk to the benchmark, is monitored utilizing Bloomberg, forming the basis for risk management, and capturing US large-cap value stock returns. Applying this component strategy to client portfolios offers two benefits: 1.) this strategy fulfills an important segment of their total global equity portfolio without the added cost of mutual funds or exchange-traded funds, and 2) each client portfolio is tax-managed with the aim of harvesting losses to minimize capital gains. The tax-management benefit is based on professional judgment and not systematic or rules-based.
- Alternatives - While Spectra is generally skeptical of most alternative investment strategies, Spectra believes there are a few alternative strategies accessed in registered fund form or accessed via unregistered private placement partnerships that can enhance portfolio forward-looking forecasted returns and/or reduce portfolio volatility. Allocations here, however, should be relatively modest since some of these strategies have relatively higher expenses and can be tax inefficient. Also, private placement partnerships are often illiquid with lock-out periods outlined in the private placement memorandum.

- **Municipal Bond Strategy and Corporate Bond Strategy** - Spectra believes that academic and practitioner research shows that the most efficient way to build portfolios is by taking risk through the stock and alternatives portion of the portfolio and using fixed income to produce income and reduce portfolio risk. This means that Spectra's municipal and corporate bond management strongly emphasize quality. Based on practical experience observed in adverse markets, both bond strategies may utilize US government backed debt to provide liquidity and diversification. Our management of municipal bond and corporate bond strategy components focus on investment grade issues with attention to diversifying sectors most exposed to risk events, regardless of commonly cited benchmark weightings.

In some Client cases, we may be asked to manage only a single strategy component that fits into a broader portfolio held outside of Spectra. For this Client setting, we offer four single strategy portfolio completion choices:

1. Global Equity Strategy
2. US Large-cap Value Strategy
3. Municipal Bond Strategy
4. US Corporate Bond Strategy

Long Term Purchases – We purchase securities with the idea of holding them in the Client's account for a year or longer. Typically, we employ this strategy when we want exposure to a particular asset class over time, regardless of the current projection for this asset class. A risk in a long-term purchase strategy is that by holding the investment for this length of time, we may not take advantage of short-term gains that could be profitable to a Client. Moreover, if our expectations are incorrect, an investment may decline sharply in value before we make the decision to sell.

Short Term Purchases – Periodically, but not always, we may sell an asset soon after purchase if a loss has occurred and we seek to cut the loss or harvest tax loss.

Trading – It would be rare for us to buy securities with the intent of selling within 30 days. This type of trading could be needed for options, cash management or other securities.

Margin Transactions – In rare situations and only with Client direction and written authorization, we may purchase investments for a Client portfolio with money borrowed from a Client's brokerage account. This is generally done in an effort to create a financing resource for non-investment related needs. In unusual cases, it may also allow Clients to purchase more stock than they would be able to with their available cash and allows us to purchase stock without selling other holdings.

Option Writing – In rare situations and only with Client direction and written authorization, we may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We may buy a call if we have determined that an investment will increase substantially before the option expires.
- A put gives us the right to sell an asset at a certain price within a specific period of time. We may buy a put if we have determined that the price of an investment will fall before the option expires.

We will generally use options as a portfolio hedge, and in unusual circumstances, to speculate on the possibility of a sharp price swing. In other words, we will use an option purchase to limit the potential upside and downside of an investment we have purchased for a Client's portfolio.

We use "covered calls", in which we sell a call on a security a Client owns. In this strategy, the Client receives a fee for selling the call available, and the person purchasing the call has the right to buy the security from the Client at an agreed-upon strike price.

We use "protective puts", in which we buy a put on a security a Client owns. In this strategy, the Client pays a fee for buying the put, and the Client has the right to sell the security at an agreed upon strike price.

We use a "spreading strategy", in which we purchase and sell two or more option contracts (for example, a call option that a Client buys and a call option that a Client sells) for the same underlying security. This effectively puts the Client on both sides of the market, but with the ability to vary price, time and other factors.

Risk of Loss

The investment advice provided along with the strategies suggested by Spectra will vary depending on your specific financial situation and goals. The below section does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for everyone. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

[Investing in securities involves risk of loss that you should be prepared to bear.](#)

General Investment Risk: All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for everyone. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

Loss of Value: There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political, and economic developments, and government, economic, or monetary policies.

Interest Rate Risk: Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

Credit Risk: Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign Exchange Risk: Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned, and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

Margin Risk: When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker-dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker-dealer of your account. The securities purchased in such an account are the broker-dealer's collateral for its loan to you.

If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action, such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any Margin Account that may be established as a part of our Investment Management Services and held by your broker-dealer. These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The broker-dealer can force the sale of securities or other assets in your account.
- The broker-dealer can sell your securities or other assets without contacting you.
- You may not be able to choose which securities or other assets in your margin account are liquidated or sold to meet a margin call.
- The broker-dealer may move securities held in your cash account to your margin account and pledge the transferred securities.

You may not be entitled to an extension of time on a margin call.

Risks Associated with Investing in Options: Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. Placing certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Risks Associated with Investing in Equities: Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss and sometimes up to a 100% loss in the case of a stock holding bankruptcy.

Equity securities (common, convertible preferred stocks and other securities whose values are tied to the price of stocks, such as rights, warrants and convertible debt securities) could decline in value if the issuer's financial condition declines or in response to overall market and economic conditions. A fund's principal market segment(s) – such as large cap, mid cap or small cap stocks, or growth or value stocks – can underperform other market segments or the equity markets as a whole. Investments in smaller companies and mid-size companies can involve greater risk and price volatility than investments in larger, more mature companies.

Risks Associated with Investing in Mutual Funds and Exchange Traded Funds (ETF): Investing in stocks & ETF's carries the risk of capital loss. Investments in these securities are not guaranteed or insured by the FDIC or any other government agency. The mutual funds and ETFs utilized by Spectra include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities, commodity futures and, in certain circumstances, funds that are focused on seeking alternative sources of return that have low or negative correlation to stocks and bonds, including funds investing in alternative lending securities, reinsurance related securities, managed futures and currencies. Equity securities include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the more risky mutual funds used in Spectra's investment strategies are the U.S. and international small capitalization and small capitalization value funds, emerging markets funds, commodity futures funds, alternative lending securities funds, reinsurance funds, managed futures funds and funds holding currencies. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities (TIPS)) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by Spectra contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks can be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses within each applicable sector.

Risks Associated with Investing in Inverse and Leveraged Funds:

Leveraged mutual funds and ETFs generally seek to deliver multiples of the daily performance of the index or benchmark that they track. Inverse mutual funds and ETFs generally seek to deliver the opposite of the daily performance of the index or benchmark that they track. Inverse funds often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Some Inverse funds are both inverse and leveraged, meaning that they seek a return that is a multiple of the inverse performance of the underlying index. To accomplish their objectives, leveraged and inverse funds use a range of investment strategies, including swaps, futures contracts, and other derivative instruments. Leveraged, inverse, and leveraged inverse funds are more volatile and riskier than traditional funds due to their exposure to leverage and derivatives, particularly total return swaps and futures. At times, we will recommend leveraged and/or inverse funds, which may amplify gains and losses.

Most leveraged funds are typically designed to achieve their desired exposure on a daily (in a few cases, monthly) basis, and reset their leverage daily. A "single day" is measured from the time the leveraged fund calculates its net asset value ("NAV") to the time of the leveraged fund's next NAV calculation. The return of the leveraged fund for periods longer than a single day will be the result of each day's returns compounded over the period. Due to the effect of this mathematical compounding, their performance over longer periods of time can differ significantly from the performance (or inverse performance) of their underlying index or benchmark during the same period of time. For periods longer than a single day, the leveraged fund will lose money when the level of the Index is flat, and the leveraged fund may lose money even if the level of the Index rises. Longer holding periods, higher index volatility, and greater leverage all exacerbate the impact of compounding on an investor's returns. During period of higher Index volatility, the volatility of the Index may affect the leveraged fund's return as much as or more than the return of the Index itself. Therefore, holding leverage, inverse, and leveraged inverse funds for longer period of time increases their risk due to the effect of compounding and the inherent difficulty in market timing. Leveraged funds are riskier than similarly benchmarked funds that do not use leverage. Non-traditional funds are highly volatile and not suitable for all investors. They provide the potential for significant losses.

Risks Associated with Alternative Investments: As appropriate, we will make investments in a variety of types of investment vehicles, including but not limited to: U.S. or offshore unit investment trusts, registered liquid alternative mutual funds and private placement partnerships that have not been registered under the Securities Act of 1933, state law or under the Investment Company Act of 1940. In many cases, these vehicles are unregistered private partnership hedge funds, private equity funds, venture capital funds, single property private real estate or other private alternative or other investment funds, none of which may be affiliated with us (collectively, "Alternative Investments" or "Alternatives"). These Alternative Investments will charge their own management and other fees, so that if we invest in them, the client will bear an additional level of fees and expenses. We do not receive fees or any remuneration whatsoever from these funds.

Spectra principals may co-invest alongside clients in a particular fund with a membership interest in the fund. Such investments are often illiquid vehicles with strict membership interest lock-out periods. Further, the risk of these vehicles are commonly unique risks with zero or varying degrees of correlation to traditional stock and bond markets. The risk of partial or total loss of value is described in their offering documents, which clients must sign to become an investor. The value of client portfolios will be based in part on the value of alternative investment vehicles included in the client's portfolio, the success of each of which will depend heavily upon the efforts of each Alternative's Manager. When the investment objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the Manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time.

Recommendation of Particular Types of Securities

As disclosed under the Advisory Business section in this brochure, we recommend all types of securities and we do not necessarily recommend one particular type of security over another since each Client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with that investment.

Cybersecurity Risk: Spectra and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. In general, cyber-attacks are deliberate; however, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increase and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose Spectra to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While Spectra has established a business continuity plan and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities, investment companies and other investment advisers in which we invest, which could result in material adverse consequences for such entities and may cause a client's investment in such entities to lose value.

Pandemic Risk: Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social and political disruption. It is difficult to predict the long-term impact of such events because they are

dependent on a variety of factors including the global response of regulators and governments to address and mitigate the worldwide effects of such events. Workforce reduction, travel restrictions, governmental responses and policies and macroeconomic factors will negatively impact investment returns.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or of the integrity of our management. Neither we nor our management persons have a history of material legal or disciplinary events.

Item 10 – Other Financial Industry Activities or Affiliations

Our firm and our related persons conduct financial industry relationships on an independent and unaffiliated basis. This practice minimizes any material advisory business conflicts of interest with Clients.

Scott Roads, Managing Member, and Julia Zaino, Member and the Chief Compliance Officer, are not involved in any other financial industry activities and do not have any financial industry affiliations.

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

Description of Our Code of Ethics

Spectra has adopted a Code of Ethics (the “Code”) to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Spectra’s policies and procedures developed to protect Client’s interests in relation to the following topics:

- The duty at all times to place the interests of Clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics;
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee’s position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of Clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Spectra’s Code of Ethics is available upon request to Scott Roads, Managing Member, or Julia Zaino, Chief Compliance Officer, at (772) 324-5640.

Personal Trading Practices

At times, Spectra and/or its related persons may take positions in the same securities as Clients, which may pose a conflict of interest with Clients. Spectra and its related persons will generally be “last in” and “last out” for the trading day when trading occurs in close proximity to Client trades. We will not violate our fiduciary responsibilities to our Clients. Front running (trading shortly ahead of Clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the Client(s) at the time of trading. Incidental trading not deemed to be a conflict (e.g., a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price) would not be disclosed at the time of trading.

Item 12 – Brokerage Practices

Spectra has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, “Fidelity”) through which Fidelity provides Spectra with Fidelity’s “platform” services. The platform services that benefit us, which include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries (like Spectra) in conducting business and in serving the best interests of their Clients.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds and commissions are charged for individual equity and debt securities transactions). Fidelity enables the firm to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity’s commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to Spectra, at no additional charge, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by us (within specified parameters). These research and brokerage services presently include services such as economic surveys, data and analyses, financial publications, recommendations or other information about particular companies and industries (through research reports and otherwise).

Without this arrangement, Spectra might be compelled to purchase the same or similar services at its own expense. Spectra has also received certain hard dollar benefits from Fidelity such as assistance from Fidelity to cover certain start-up costs, software, and compliance services.

As a result of receiving such services for no additional cost, Spectra has an incentive to continue to use or expand the use of Fidelity’s services. We have examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and we have determined that the relationship is in the best interests of our Clients and satisfies our Client obligations, including our duty to seek best execution. A Client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the

transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Spectra will seek competitive rates, to the benefit of all Clients, it may not necessarily obtain the lowest possible commission rates for specific Client account transactions. Although the investment research products and services that may be obtained by Spectra will generally be used to service all of our Clients, a brokerage commission paid by a specific Client may be used to pay for research that is not used in managing that specific Client's account. Spectra is not affiliated with Fidelity or any other broker-dealer.

Brokerage for Client Referrals

We do not receive Client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. We do not receive other benefits from a broker-dealer in exchange for Client referrals.

Directed Brokerage

The Client may direct brokerage to a specified broker-dealer other than the firm recommended by Spectra. It is up to the Client to negotiate the commission rate, as Spectra will not. The Client may not be able to negotiate the most competitive rate. As a result, the Client may pay more than the rate available through the broker-dealer used by Spectra. In Client directed brokerage arrangements, the Client may not be able to participate in aggregated ("blocked") trades, which may help reduce the cost of execution. Where the Client does not otherwise designate a broker-dealer, Spectra recommends a broker-dealer with competitive commission rates.

Trade Aggregation

While individual Client advice is provided to each account, Client trades may be executed as a block trade. Spectra encourages its existing and new Clients to use Fidelity. Typically, only accounts in the custody of Fidelity would have the opportunity to participate in aggregated securities transactions. When appropriate, trades using Fidelity will be aggregated and done in the name Spectra. The executing broker will be informed that the trades are for the account of Spectra's Clients and not for Spectra itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. On average, the aggregation should reduce slightly the costs of execution. Spectra may not aggregate a Client's order during particular market conditions when Spectra believes that aggregation would cause the Client's cost of execution to be increased or during periods of increased volatility. Fidelity will be notified of the amount of each trade for each account. Spectra and/or its related persons may participate in block trades with Clients and may also participate on a pro rata basis for partial fills, but only after the determination has been made that Clients will receive fair and equitable treatment.

Item 13 – Review of Accounts

Portfolio Management Account Reviews

Spectra monitors Client account holdings on a continuous basis and conducts formal account reviews at least annually. Informal reviews are conducted at least monthly. Accounts are reviewed by Scott Roads,

Managing Member, Julia Elizabeth Zaino, Chief Compliance Officer, or by the Advisory Representative assigned to the account.

Additional reviews may be offered in certain circumstances. Triggering factors that may stimulate additional reviews include, but are not limited to, changes in economic conditions, changes in the Client's financial situation or investment objectives, or upon Client request. A financial plan is a snapshot in time and no ongoing reviews are conducted, unless you have engaged us for annual retainer services or periodic updates. We recommend a plan review at least annually.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Spectra also provides performance reports at regular intervals.

Item 14 – Client Referrals and Other Compensation

As described in Item 12 above, we receive economic benefits from our custodial broker dealer in the form of support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at these custodial broker dealers. The availability of custodial products and services is not dependent upon or based on the specific investment advice we provide our clients, such as buying or selling specific securities or specific types of securities for our clients. The products and services provided by the custodial broker dealer, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices).

Spectra and its related persons do not compensate, directly or indirectly, any person or entity, who is not our supervised person, for Client referrals.

Spectra recommends the World Monetary and Agriculture strategy managed by Dunn Capital Management ("Dunn Capital"). Clients can opt to invest in this strategy through a mutual fund or a private fund managed by Dunn Capital. Spectra has conducted due diligence on Dunn Capital's strategy and has determined the recommendations are in its clients' best interest. Spectra does not receive direct or indirect compensation from Dunn for this recommendation. However, certain of Dunn Capital's principals have engaged Spectra to advise their personal and family accounts. Although this client relationship is not contingent upon Spectra committing a specific amount of client assets to the Dunn Capital's strategy, Spectra has identified the relationship as a potential conflict of interest and has opted to disclose it to clients in this Form ADV. Spectra upholds its fiduciary duty to clients by only recommending investments that, in Spectra's opinion, are in the client's best interest. Clients should also note that Spectra does not pay referral fees, or otherwise compensate Dunn Capital for services rendered to principals of Dunn Capital.

Item 15 – Custody

Spectra is deemed to have custody of Client assets because of the fee deduction authority granted by the Client in the Advisory Agreement and in certain situations where we accept standing letters of authorization from clients to transfer assets to third parties. We maintain safeguards in accordance with regulatory requirements regarding custody of client assets.

The custodian holding client assets will not verify the calculation of the advisory fees. You will receive account statements at least quarterly from the broker-dealer or other qualified custodian. You are urged to review custodial account statements for accuracy.

Item 16 – Investment Discretion

Spectra offers Portfolio Management Services on a discretionary basis. Clients must grant discretionary authority in the management agreement. Discretionary authority extends to the types and amounts of securities to be bought and sold in Client accounts. Apart from the ability to withdraw management fees, Spectra does not have the ability to withdraw funds or securities from the Client's account. The Client provides Spectra discretionary authority via a limited power of attorney in the management agreement and in the contract between the Client and the custodian.

If you wish, you may limit our discretionary authority, for example, by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you have engaged us for non-discretionary portfolio management services, Spectra will obtain your approval prior to executing all transactions in your account(s).

Item 17 – Voting Client Securities

Proxy Voting Spectra will determine how to vote proxies based on its reasonable judgment that the vote will produce favorable financial results for its Clients. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. However, Spectra will consider both sides of each proxy issue. Consistent with Spectra's paramount commitment to the financial investment goals of its Clients, social considerations will not be considered absent contrary instructions by a Client.

Conflicts of interest between Spectra or a principal of the firm and the firm's Clients in respect of a proxy issue conceivably may arise, for example, from personal or professional relationships with a company or with the directors, candidates for director, or senior executives of a company that is the issuer of Client securities.

If the Chief Compliance Officer determines that a material conflict of interest exists, the following procedures shall be followed:

- (a) Spectra may disclose the existence and nature of the conflict to the Client(s) owning the Client securities, and seek directions on how to vote the proxies;
- (b) Spectra may abstain from voting, particularly if there are conflicting Client interests (for example, where Client accounts hold different Client securities in a competitive merger situation); or

(c) Spectra may follow the recommendations of an independent proxy voting service in voting the proxies.

Spectra keeps certain records required by applicable law in connection with its proxy voting activities for Clients and it shall provide proxy-voting information to Clients upon their written or oral request. A copy of Spectra's proxy-voting policies is available to Clients upon request.

Item 18 – Financial Information

We are required in this Item to provide you with certain financial information or disclosures about Spectra's, financial condition. Spectra does not require the prepayment of over \$1,200 six or more months in advance. Additionally, Spectra has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and it has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements of State-Registered Advisers

This section is not applicable because our firm is SEC registered.

Additional Information

Trade Error Correction Procedures

On infrequent occasions, an error may be made in a Client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the firm generally seeks to rectify the error by placing the Client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any losses resulting from error correction will be placed in Spectra's error correction account. Gains will be credited to the Client.

Confidentiality

Spectra views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, it has instituted policies and procedures to ensure that customer information is kept private and secure. Spectra does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a Client account, Spectra may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Spectra restricts internal access to nonpublic personal information about its Clients to those employees who need to know that information in order to provide products or services to the Client. Spectra maintains physical and procedural safeguards that comply with state and federal standards to guard a Client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be Spectra's policy never to sell information about current or former customers or their accounts to anyone. It is also Spectra's policy not to share information unless required to process a transaction, at the request of the Client, or as required by law.

A copy of Spectra's privacy policy notice will be provided to each Client prior to, or contemporaneously with, the execution of the agreement(s) for services. Thereafter, Spectra will deliver a copy of the current privacy policy notice to its Clients upon any material changes to its privacy policies and practices. If you have any questions regarding your privacy, please contact Scott Roads, Managing Member, or Julia Zaino, Chief Compliance Officer, at (772) 324-5640.