

**Item 1 – Cover Page**



**NEW AGE ALPHA ADVISORS, LLC**

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March 12, 2024

This Brochure provides information about the qualifications and business practices of New Age Alpha Advisors, LLC (“NAAA”). If you have any questions about the contents of this brochure, please contact us at (212) 922-2682 or at [compliance@newagealpha.com](mailto:compliance@newagealpha.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about NAAA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

In connection with the filing of annual amendments to its Form ADV, NAAA is required to inform clients of any material changes that it has made to its brochure since its last annual update. The following material changes have been made to this document since the last annual updating amendment submitted on March 20, 2023:

- Items 4 and 16: NAAA no longer provides sub-advisory services to Funds that are domiciled in South Africa and Luxembourg.
- Item 5: We updated the Annual Direct Index Sub-Advisory Fee.
- Item 10: NAAA no longer has a consulting engagement with an employee of an unaffiliated investment adviser domiciled in South Africa.

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#### **Item 4 – Advisory Business**

New Age Alpha Advisors, LLC (“NAAA”) is an investment adviser that seeks to manage assets for private funds, institutional investors, and high net worth individuals so as to achieve expected returns using a proprietary investment methodology. NAAA is a Delaware limited liability company that was formed on August 9, 2018 and is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser. Registration with the SEC does not imply a certain level of skill or training. New Age Alpha LLC is the sole owner of NAAA. New Age Alpha LLC is owned by Six A, LLC, JALT Investments, LLC, and Versorgungswerk der Zahnärztekammer Berlin K.d.ö.R. (through its wholly-owned subsidiary, VZB-ABB LLC). Armen Arus is the majority owner of Six A, LLC and Julian Koski is the majority owner of JALT Investments, LLC.

NAAA provides investment advisory services, primarily focused on implementing equity, fixed income, and environmental, social and governance (“ESG”) asset management strategies using a proprietary investment methodology. NAAA provides discretionary advisory services to certain unregistered funds (each a “Fund” and collectively the “Funds”) and provides discretionary sub-advisory services whereby other investment advisers may hire NAAA to manage a portion of their individual client’s portfolios or funds using NAAA’s proprietary investment methodology. NAAA also offers services to institutional investors and high net worth individuals through separately managed accounts (“SMAs”). NAAA typically provides advisory services to clients in an agency capacity pursuant to an investment management agreement (“IMA”) between the client and NAAA by which each client generally grants to NAAA full discretion to manage their investment assets.

NAAA manages the New Age Alpha Master Fund SPC, Ltd., a hedge fund organized as an exempted company incorporated with limited liability and registered as a Segregated Portfolio Company under the laws of the Cayman Islands. New Age Alpha Master Fund SPC, Ltd. is the master fund in a master-feeder arrangement. It has two (2) feeder funds: (1) New Age Alpha Fund, LP, an onshore feeder fund organized under the laws of the state of Delaware, and (2) New Age Alpha Fund SPC, Ltd., an offshore feeder fund organized under the laws of the Cayman Islands (collectively, the “Master-Feeder Hedge Funds”). NAAA provides discretionary investment advisory services to the Master-Feeder Hedge Funds consistent with the investment objectives, strategies, and any applicable investment restrictions described in each Fund’s Private Placement Memorandum or other applicable offering documents. New Age Alpha Fund SPC, Ltd. has two segregated portfolios.

NAAA provides sub-advisory services via its direct and custom indexing investment products (“direct indexing”) through a proprietary technology system called Systematic Personal Asset Customization Engine (“SPACE”). SPACE is only available to other investment professionals, such as registered investment advisers, to utilize on their client’s or on their own behalf. In some cases, NAAA provides sub-advisory services to accounts on SPACE and in those circumstances, it is responsible for the management of the investment objectives and policies of each account, which includes investment discretion and responsibility for executing the trades. The principal advisers maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of client suitability for NAAA’s designated investment

strategies and/or programs. In performing its services, NAAA shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon.

For clients setting up a SMA, NAAA employs a disciplined investment process that begins with an assessment of each client's objectives, return expectations, risk tolerance, and investment constraints based upon information provided by each client (the "Investment Objectives"). NAAA works together with each SMA client to establish the client's initial Investment Objectives and to make sure they are tailored to the client's specific needs. During this process, and afterward by providing written notice to NAAA, the SMA client may modify the Investment Objectives or impose restrictions on investing in certain securities or certain types of securities. For example, SMA clients may place restrictions on NAAA's ability to use leverage or to invest in specific securities or types of securities. The SMA client's Investment Objectives will be memorialized by NAAA and documented in writing prior to implementation of an investment strategy. NAAA will utilize the Investment Objectives to determine the appropriate target asset allocation and the discretionary management of the SMA client's assets on an ongoing basis. The Investment Objectives will be reviewed and approved by the client at the inception of the relationship and will be reviewed and discussed periodically over time, but no less frequently than annually. Clients must notify NAAA should there be any changes to their financial circumstances, needs, objectives and/or tolerance for risk or other circumstances relevant to management of their account(s).

For Fund clients, NAAA maintains compliance procedures designed to ensure that Fund assets are invested in compliance with the investment objectives, strategies, and any applicable investment restrictions described in each Fund's applicable offering documents, as amended or supplemented, and with any policies, guidelines, instructions and procedures approved by the Fund's management, Board of Trustees, Board of Directors, or other governing body and provided to NAAA.

NAAA may license its proprietary investment methodology, including the use of its Indices, to other third parties which may include investment advisers. The licensing agreements with the investment advisers will allow the investment adviser to use and implement the methodology as part of its advisory services. NAAA may also license access to SPACE to other investment professionals, such as registered investment advisers. In these situations, NAAA would not be providing advisory services to the clients of the investment adviser who is utilizing the methodology or SPACE.

NAAA may also prepare written commentary on general market conditions that is not specifically tailored to any particular client's needs. The commentary is prepared to educate and inform current and prospective clients, consultants, and other business contacts about market conditions or trends that NAAA may consider of interest. NAAA does not charge a fee for providing this written commentary.

NAAA does not participate in any wrap fee program.

NAAA intends to primarily manage client accounts on a discretionary basis. Managing accounts on a discretionary basis means that NAAA is authorized to buy and sell securities in these accounts

without transaction-by-transaction authorization from the client. NAAA may also agree to manage accounts in a non-discretionary manner on a case-by-case basis. With a non-discretionary account, NAAA will advise clients on purchasing, selling, holding, valuing, or exercising rights with respect to particular investments, but will not have discretion to execute purchases or sales on behalf of the client without the specific instruction of the client. In non-discretionary accounts, the client will make the final determination as to whether to act on such recommendations.

As noted in this brochure, NAAA can provide services to SMA accounts and through direct indexing accounts in SPACE. However, as of the date of this brochure, NAAA does not have any SMA or direct indexing clients or assets.

As of January 31, 2024, NAAA was managing \$195,933,419 of Regulatory Assets Under Management on a discretionary basis and \$0 of assets on a non-discretionary basis.

### **Assets Under Advisement**

In addition to its Regulatory Assets Under Management, NAAA also provides certain additional services to clients which are non-discretionary in nature (the “Advisement Services”). The assets that NAAA advises pursuant to its Advisement Services (the “Assets Under Advisement”) are not considered Regulatory Assets Under Management by the SEC.

Assets Under Advisement refer to assets on which NAAA provides advice or consultation but for which it does not have discretionary authority or does not ultimately arrange or effectuate securities transactions. Assets advised under the following situations are included in NAAA’s Assets Under Advisement:

- NAAA has entered into an arrangement pursuant to which it creates model indexes for an asset manager platform. Those advisers that subscribe to that asset manager platform are permitted to access NAAA’s model indexes and invest their client’s assets following NAAA’s model indexes. NAAA is responsible for establishing the model indexes and for periodically updating the model indexes.
- NAAA will be entering into separate index licensing arrangements pursuant to which NAAA will create and curate indexes for individual institutional clients for managing their portfolios. NAAA is responsible for establishing the model indexes and for periodically updating the model indexes.
- NAAA has also entered into a separate arrangement pursuant to which it provides its model indexes, Expectation Risk Factor™ (f/k/a Human Factor) algorithm methodology, RiskSelect® Methodology, asset allocation services, and training and support on this use of its services to another advisory firm.

Fees charged for the Advisement Services are negotiable and may differ from the fees charged by NAAA for investment advisory services. As of January 31, 2024, NAAA’s total Assets Under Advisement was \$1,697,675,217.

## **Item 5 – Fees and Compensation**

### **Management Fees**

#### **SMAs**

For providing advisory services to SMAs, NAAA is generally paid a monthly or quarterly management fee, which is based upon a percentage of the client's assets under management. The management fee is equal to a mutually agreed upon annual fee prorated and multiplied by the value of the client's assets as of each calendar month-end or quarter-end, as applicable.

#### **Fee Schedule**

Annual SMA Management Fee	0.40% to 0.65% of client's assets under management
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Fees are generally based on the investment strategy of the SMA and breakpoints in fees based on amount of assets are available. Fees are negotiable based upon the type of service provided, the size of the account, and the relationship between the client and NAAA. In addition, NAAA may waive or reduce its Management Fees at its sole discretion. The fee schedule may also be modified by NAAA upon notice to the client and upon the client's signed, written consent.

The Management Fee is calculated and accrued monthly and is generally payable monthly or quarterly in arrears, as applicable, subject to any different payment and calculation terms in a client's IMA. The fee for the period in which an account becomes effective and the period in which an account is terminated, in each case if the account is not in effect throughout such period, will be pro-rated for the number of days in which the account was in effect. Management Fees are typically billed to clients on a monthly or quarterly basis, as applicable.

Management Fees may be withdrawn directly from the client's accounts with the client's written authorization or invoiced and billed directly to the client with payments due within 30 days of receiving the invoice. Clients may select the method in which they are billed.

In some circumstances, NAAA and a client may agree that management fees will be payable in advance. Should an SMA client terminate an advisory arrangement, where management fees have been paid in advance, the client will receive a *pro rata* rebate of the allocable portion of the fee not earned by NAAA during the period.

#### **Direct Indexing Clients**

For providing sub-advisory services to direct indexing accounts, NAAA is generally paid a monthly or quarterly fee, which is based upon a percentage of the client's assets under management. The fee is equal to a mutually agreed upon annual fee prorated and multiplied by the value of the client's assets as of each calendar month-end or quarter-end, as applicable.

## Fee Schedule

Annual Direct Index Sub-Advisory Fee	0.15% to 0.40% of client's assets under management
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Fees are generally based on the investment strategy. Fees are negotiable based upon the type of service provided, the size of the account, and the relationship between the adviser and NAAA. In addition, NAAA may waive or reduce its fees at its sole discretion. The fee schedule may also be modified by NAAA upon notice to the adviser and upon the adviser's signed, written consent.

The sub-adviser fee is calculated and accrued monthly and is generally payable monthly or quarterly in arrears, as applicable, subject to any different payment and calculation terms in the agreement. The fee for the period in which an account becomes effective and the period in which an account is terminated, in each case if the account is not in effect throughout such period, will be pro-rated for the number of days in which the account was in effect. Fees are typically billed to clients or the adviser on a monthly or quarterly basis, as applicable.

Sub-Advisory fees may be withdrawn directly from the client's accounts with the client's written authorization or invoiced and billed directly to the client. Clients may select the method in which they are billed.

In some circumstances, NAAA may agree that the sub-advisory fees will be payable in advance. Should an adviser terminate the arrangement, where fees have been paid in advance, the client will receive a *pro rata* rebate of the allocable portion of the fee not earned by NAAA during the period.

### Private Fund Fees

The Management Fee (and other fees) applicable to any Fund will be set forth in the Fund's Private Placement Memorandum, or other applicable offering documents. Fees for sub-advisory services provided to Funds are negotiable based upon the totality of services provided and the relationship between the client and NAAA.

NAAA charges the Master-Feeder Hedge Funds a fixed management fee at the Master Fund level at the monthly rate of 0.125% (*i.e.*, approximately 1.5% annually) with respect to Class A Shares or 0.104% (*i.e.*, approximately 1.25% annually) with respect to Class I Shares of the net asset value of each series of offered shares (before the making of any Performance Allocation, which is discussed below, and the deduction of any accrued Management Fee) payable monthly in arrears (generally within 15 days after month end), and prorated for partial periods.

### Performance Allocation

In addition, with respect to the Master-Feeder Hedge Funds, an Advisory Affiliate of NAAA is entitled to receive a performance allocation equal to 15% of any appreciation in the net asset value of the shares of the Master Fund, subject to exceeding a "High Water Mark" and an applicable "Hurdle Rate" (*i.e.*, the minimum amount of profit or returns a hedge fund must earn before it can charge an incentive fee).



It should be noted that the fees paid to the Master-Feeder Hedge Funds are negotiable by investors only prior to an investment in the Funds, at the discretion of NAAA or its Advisory Affiliates.

## **Other Expenses**

Costs and expenses that are charged to and borne by SMA and direct indexing clients (in addition to investment management fees) include, but are not necessarily limited to, all costs and expenses related to the account's portfolio investments and all other costs and expenses agreed to between the client and NAAA, such as indemnification expenses. Costs and expenses typically borne by an SMA or direct indexing account relating to its portfolio investments include: brokerage fees, commissions and other related trading, execution, and settlement related costs and fees; custodial fees; performance reporting fees, wire fees, banking fees, interest incurred on borrowings, if any; dividends paid on securities sold short, governmental charges, taxes and duties; transfer fees, registration fees; interest expenses; withholding taxes; other expenses associated with buying, selling or holding investments; and other costs associated with such account. Please see Item 12 for a discussion of NAAA's brokerage practices. These fees will be paid by the client directly to the client-designated custodian, broker-dealer, bank, or other third party, as applicable.

In addition, NAAA may utilize ETFs and/or other investment companies (mutual funds) as investment vehicles in its clients' investment portfolios. These investment vehicles incur costs and expenses and are managed by independent (i.e., non-NAAA) advisors. Clients should understand that the advisers managing these funds apply to these funds a fee that is distinct and separate from the fee charged by NAAA. A client could invest in these investment vehicles directly, without the services of NAAA. A client could also invest in these products through other brokers, agents, or investment advisers that are not affiliated with NAAA. Clients should evaluate the fees incurred in connection with these investment vehicles and the advisory fees charged by NAAA to fully understand the total amount of fees paid.

Costs and expenses borne by more than one client will be allocated in accordance with NAAA's policies and procedures in effect from time to time related to the allocation of expenses. NAAA's allocation methodologies seek to allocate expenses in a manner that generally reflects each client's relative consumption of resources, relative allocation of benefits and/or other equitable considerations that may be appropriate under the circumstances; however, the allocation of expenses involves subjective determinations, which may involve conflicts of interest. For example, in some instances, expenses may be allocated pro rata among clients participating in an investment (e.g., based on cash/capital available for investment, net assets or other methodology determined by NAAA to be appropriate), but in other instances expenses may be allocated on a non-pro rata basis. Moreover, allocations of expenses typically rely on then-available information, estimates and assumptions that NAAA believes are reasonable and appropriate, but may be imprecise and subject to subsequent modification. While NAAA believes that its allocation methodology is reasonable, other allocation methodologies exist that may yield different results.

The bearing of costs and expenses by clients as described in this section may directly or indirectly benefit NAAA or other clients of NAAA that do not bear such costs and expenses, particularly those that may later invest in the same or similar assets, sectors, and/or issuers as the clients bearing

such costs and expenses. For example, in managing the accounts of other clients, NAAA may take into account the information obtained by service providers previously paid for by certain clients. These service providers may include, among others, valuation agents (e.g., for pricing support of a related issuer or security) and certain legal and accounting expenses (e.g., documents serving as precedent for a future similar situation). In addition, NAAA may from time to time provide information acquired or derived from these service providers to other clients for various reasons without seeking compensation for such information. Clients that initially bear such expenses are not expected to be later reimbursed by clients who benefit from such expenses.

Generally, each Fund will bear all expenses of the Fund as detailed in the relevant Private Placement Memorandum, or other offering documents, including, but not limited to, the Fund's indemnification obligation, and all costs and expenses related to the investigation, purchase, holding, sale or exchange of portfolio securities, including, but not limited to, legal, consulting, audit, accounting, travel and banking expenses and any placement fees or finder's fees. Each Fund shall also bear the cost of liability and other Fund insurance premiums for insurance and of out-of-pocket compliance costs reasonably deemed necessary for the operation of a Fund, all expenses of preparing and distributing reports to investors, costs associated with Fund meetings, the management fee paid to NAAA and the performance allocation paid to the Advisory Affiliate, all legal and accounting fees and expenses in each case to the extent such fees relate to a Fund and all expenses that are not normal operating expenses. Each Fund may bear its organizational expenses and the organizational expenses of the relevant Advisory Affiliates, up to a maximum amount equal to the amount detailed in the respective Fund Agreement or offering document. Each Fund will also bear all costs and expenses related to their liquidation. The above is just a general description and the expenses may vary from Fund to Fund.

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

### **Performance-Based Fees**

Performance-based fees are fees that are based on a share of capital gains on or capital appreciation of a client's assets. Advisory Affiliates will receive performance-based compensation from the Funds for which they serve as General Partner or Managing Member. The Master-Feeder Hedge Funds allocate 15% of any appreciation in the net asset value of the shares of the Master Fund to an Advisory Affiliate of NAAA (subject to exceeding a "High Water Mark" and an applicable "Hurdle Rate").

The possibility that an Advisory Affiliate may receive performance-based compensation creates a conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such performance-based distributions.

When determining whether to allocate certain investments NAAA will not favor itself or its Advisory Affiliates to the detriment of any client and will act in a manner that it reasonably believes over the long term is fair and equitable to all clients. NAAA does not take the potential for performance-based compensation into account when allocating investment opportunities.

### **Side-By-Side Management**

Portfolio managers employed by NAAA may manage multiple accounts according to the same or similar investment strategies and may seek to make or sell investments in the same securities, instruments, sectors or strategies in multiple accounts at the same time. In addition, certain employees may manage their own investment account in addition to investment accounts for other clients. This side-by-side management of multiple accounts may create conflicts, particularly in circumstances where the availability or liquidity of investment opportunities is limited. Some investments (such as commercial mortgage loans, private equity, hedge funds, venture capital and/or other equity interests) may be offered to some but not all clients when appropriately within a client's Investment Objectives.

NAAA may face conflicts of interest because NAAA may have an incentive to favor particular accounts over others that may be less lucrative in the allocation of investments (e.g., because an account is owned by the employee making the trade or because such accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments, or have differing ability to engage in short sales and economically similar transactions). These potential conflicts may arise when, for example, NAAA allocates investment opportunities that NAAA believes could more likely result in favorable performance, engages in cross trades, or executes potentially conflicting or competing investments. To address these conflicts, NAAA's policies and procedures require that investment decisions for client accounts will be made independently from those of other client accounts and are made with specific reference to the individual needs and objectives of each client account, without consideration of NAAA's or its employees' or affiliates' pecuniary or investment interests.

In addition, because NAAA's management fee is negotiable in certain circumstances, NAAA will likely receive a higher management fee for managing some client's accounts than for managing others. The simultaneous management of clients that pay different fee levels creates a conflict of interest as the portfolio manager may have an incentive to allocate particularly attractive investment opportunities to a client that is expected to generate higher fees. In order to deal with this conflict of interest, NAAA has adopted investment allocation policies that are designed to ensure that investment opportunities are allocated fairly and equitably among client accounts. NAAA does not take the management fee charged to a client into account when allocating investment opportunities.

### **Discretionary and Non-Discretionary Accounts**

NAAA may advise with respect to the same or similar securities in discretionary and non-discretionary client accounts. There may be timing differences related to the transmission of advice to non-discretionary client accounts for consideration and a determination of whether to act on the advice. As a result, NAAA may execute trades for discretionary client accounts in advance of NAAA communicating with non-discretionary client accounts about those investments. In other cases, NAAA may decide to separate advice in discretionary and non-discretionary accounts. For example, in connection with non-discretionary client accounts, NAAA may have information with respect to pending purchases or sales or relating to a non-discretionary client's business and financial position. In the event that NAAA considers such information to be of a sensitive nature, NAAA may, on a case-by-case basis, elect to implement internal policies and procedures (including, where appropriate, the use of informational barriers) to manage the flow of such information within NAAA, which may prevent the transmission or affect the timing of transmission of advice to some accounts.

### **Item 7 – Types of Clients**

NAAA provides investment advisory services to Funds and seeks to provide advisory services to institutional investors and high net worth individuals through SMAs. NAAA also provides discretionary sub-advisory services whereby other investment advisers may hire NAAA to manage a portion of their individual client's portfolios or funds using NAAA's proprietary investment methodology. NAAA's SMA clients may include corporate pension and profit-sharing plans, trusts, estates, charitable organizations, municipalities, corporations, business entities, or high net worth individuals. This description of NAAA's investment advisory clients is not exhaustive; consequently, NAAA may provide advisory services to other types of clients.

For its SMA clients, NAAA generally requires a minimum account size of \$5 million, subject to reduction in NAAA's discretion.

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

Stock prices are based on information that is both known and information that is vague or subject to interpretation. In a truly efficient market, a stock's price will reflect all available information about that company. However, there are human biases that get incorporated into stock prices that are based on assumptions and are unverifiable. Investors, analysts, and other market participants impound vague and ambiguous information into stock prices, placing a burden on a company to deliver unattainable earnings. A company's failure to deliver earnings may result in price declines and a loss of investment. The Expectation Risk Factor™, f/k/a the Human Factor or H-Factor, (the risk that stock prices are affected by human biases) is a risk that comes from investors interpreting vague or ambiguous information about a company's stock in a systematically incorrect way. NAAA believes these human biases cause stocks to be mispriced and fail to deliver earnings. This creates a risk that investors are not compensated for taking, a risk NAAA calls the Expectation Risk Factor or ERF.

NAAA's proprietary algorithm measures how human biases affect stock prices and calculates and assigns an ERF score to equity and fixed income securities alike. Using a probability-based approach, the algorithm determines the probability that a company will not deliver growth to support its stock price. A high ERF score means that a stock is relatively overpriced and has a higher probability of not delivering growth to support the stock price. Conversely, a low ERF score means that a stock is relatively underpriced and has a lower probability of not delivering growth to support the stock price.

For SMA clients, NAAA tailors the investment strategies used on behalf of each client to meet that client's Investment Objectives while seeking to hedge out much of the unpriced risk. In constructing a client's portfolio, NAAA will typically take into consideration the composition of the relevant benchmark as well as the composition of portfolios within a relevant peer group. NAAA uses its in-house proprietary methodology, charting, fundamental analysis, and technical analysis to formulate client investment opportunities. In formulating its investment advice, NAAA may also use the services of third-party and affiliated research and market service data providers.

NAAA manages client assets using a variety of disciplines within fixed income and equity strategies as described below. The principal risks of investing in these types of strategies are also discussed below.

Clients of NAAA must be aware that investing involves substantial risks, including a loss of all or a portion of the principal investment. Clients should be prepared to bear this risk. Unlike savings and checking accounts at a bank, investments in securities are not insured by the government to protect against market losses.

### **Fixed Income Strategies**

NAAA generally provides the following fixed income strategies:

*Core Fixed Income:* The Core Fixed Income strategy employs a total return approach designed to achieve attractive risk-adjusted returns versus a benchmark over a full market cycle. These

strategies may be designed to meet client-specific risk/reward objectives which generally include performance relative to a benchmark and duration targets by investing primarily in fixed income securities, including but not limited to, investment grade corporate bonds, bank loans, municipal bonds, treasuries, preferred stock, agencies, cash and cash equivalents, sovereigns and derivatives across a broad range of sectors.

In general, fixed income securities are subject to credit, interest rate, liquidity, market, and spread risks. Credit risk relates to the ability of an issuer to make payments of principal and interest. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Liquidity risk relates to the ability to sell securities at or near the mark in different environments. Market risk is event or systemic risk to capital markets. Spread risk relates to changes in the risks or perceived risks of an issuer, country or region.

In addition, investments in corporate bonds are subject to risks related to an issuer's financial condition, ability to meet its obligations, and willingness or ability to make principal payments or declare distributions. The value of corporate bonds may be subject to steep declines or increased volatility due to increases in interest rates and inflation.

During periods of declining interest rates, prepayments can be expected to accelerate, and such prepayments will shorten these securities' weighted average life and may lower their return. Conversely, in a rising interest rate environment, a declining prepayment rate will extend the weighted average life of these securities which generally would cause their values to fluctuate more widely in response to changes in interest rates. Treasuries and agencies are subject to the risks of changes in their value resulting from changes in US interest rates as well as market and credit risk associated with the US government. Sovereigns are subject to the risks posed by changes in the interest rates and credit and market risk associated with currency and government of their domicile as well as inherent political/government risk. Derivatives may pose risks in addition to and greater than those associated with investing directly in securities or other investments, including risks relating to imperfect correlations with underlying investments or the strategies' other portfolio holdings, high price volatility, lack of availability, counterparty credit, liquidity, valuation, legal restrictions, and mark to market requirements. Their use is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. Finally, some of our strategies may incorporate the use of leverage, through borrowings or instruments such as derivatives. The use of leverage may cause the strategy to be more volatile and riskier than if it had not been leveraged.

***Multi-Asset:*** The Multi-Asset strategy seeks to deliver attractive absolute returns while reducing volatility and drawdowns over full market cycles. Unconstrained to a benchmark, the Multi-Asset strategy has the flexibility to invest across a broad array of fixed-income securities as well as equities. The strategy employs investments tactically allocated across the full spectrum of the fixed income markets as well as equities, investment grade and high-yield corporates, and cash and cash equivalents. Derivatives may be used to hedge various risk components and/or to express a directional view.

The Multi-Asset strategy is subject to the risks described above under "Core Fixed Income." This strategy is also subject to additional risks, such as equity securities risk, derivatives risk, and



currency risk. Equity securities include common stocks and other equity securities (and securities convertible into stocks), and the prices of equity securities fluctuate in value more than other investments. They reflect changes in the issuing company's financial condition and changes in the overall market. Common stocks generally represent the riskiest investment in a company and may lose a substantial part, or even all, of their investment value. Growth stocks may be more volatile than value stocks. Derivatives and currencies may pose risks in addition to and greater than those associated with investing directly in securities or other investments, including risks relating to leverage, imperfect correlations with underlying investments or the strategies' other portfolio holdings, high price volatility, mark-to-market risk, lack of availability, counterparty credit, liquidity, foreign exchange fluctuations, valuation and legal restrictions. Their use is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If NAAA is incorrect about its expectations of market conditions, the use of derivatives could also result in a loss, which in some cases may be unlimited.

*High Yield:* The High Yield strategy seeks a high level of current income, with growth of capital as a secondary consideration, through investments primarily in high yield debt securities. High yield securities can be broadly classified into two categories: (a) securities issued with a below investment grade rating and (b) securities whose credit ratings have been downgraded below investment grade because of deteriorating investment fundamentals. The first category includes securities issued by companies that generally do not have the operating histories needed to secure investment grade ratings from the rating agencies, but that have attractive growth prospects and the potential to achieve an investment grade rating in the future. This category also includes companies that have converted from public to private ownership through leveraged buyout transactions or that have restructured their balance sheets through leveraged recapitalizations. The second category of high yield securities consists of securities of former investment grade companies that have experienced poor operating performance due to a variety of factors.

High yield debt securities are generally subject to the risks described above under "Core Fixed Income." In addition, the economy and interest rates tend to affect high yield securities differently from other securities. The prices of high yield bonds have been found to be less sensitive to interest rate changes than higher-rated investments, but more sensitive to adverse economic changes or individual corporate developments. During an economic downturn or substantial period of rising interest rates, highly leveraged issuers may experience financial stress. Also, changes in the creditworthiness of lower-rated issuers and the market perceptions of the issuers' creditworthiness tend to occur more frequently and in a more marked manner as compared to higher-rated issuers. The lower ratings of the high yield securities reflect a greater possibility that the financial condition of the issuers and/or adverse changes in general economic conditions may impair the ability of the issuers, individually or in general, to make payments of principal and interest. Issuers may default on their obligations to pay principal or interest when due. If an issuer is to file for bankruptcy, the portfolio may experience delays or limitations in its ability to realize the benefits of the issuer's assets or any collateral.



## **Equity Strategies**

NAAA's equity strategies are generally designed to deliver clients exposure to a specific segment of the equities market through the combination of NAAA's quantitative investment models, proprietary equity research, and portfolio construction techniques. NAAA's quantitative analysis employs proprietary models spanning a set of valuation, quality, risk, momentum, and other factors to generate implied risk premiums, expected returns, and expected risk on specific securities and groups of securities. NAAA's proprietary equity research seeks to identify investment opportunities and risks that may not be fully captured by our quantitative analysis but which we believe are likely to have a material positive or negative impact on future returns. NAAA's portfolio construction process merges the results of our quantitative analysis and proprietary research with client-specific risk budgets to produce portfolios that are designed to achieve their investment objectives over multiple investment horizons.

NAAA generally provides the following equity strategies:

*Long-Only:* The Long-Only equity strategy typically focuses on a broad range of equity styles, taking long positions in stocks that are expected to appreciate over multiple investment horizons. Investments in equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including but not limited to: expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; global or regional political, economic and banking crises; and factors affecting specific industries, sectors or companies in which NAAA invests on behalf of clients. The value of a client's investment portfolio and the corresponding investment return will fluctuate based upon changes in the value of its portfolio securities. Investments in larger, more established companies are subject to the risk that larger companies are sometimes unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion. Larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors potentially resulting in lower markets for their common stock. Mid-cap and small-cap companies may not have the management experience, financial resources, product diversification and competitive strengths of large-cap companies. Therefore, their securities may be more volatile and less liquid than the securities of larger, more established companies. Mid-cap and small-cap company stocks may also be bought and sold less often and in smaller amounts than larger company stocks. Because of this, if NAAA wants to sell a large quantity of a mid-cap or small-cap company stock, it may have to sell at a lower price than it might prefer, or it may have to sell in smaller than desired quantities over a period of time. Analysts and other investors may follow these companies less actively and, therefore, information about these companies may not be as readily available as it is for large-cap companies.

*Long-Short:* The Long-Short strategy is distinguished from the Long-Only equity strategy in that it takes long positions in stocks that are expected to appreciate over multiple investment horizons and shorts stocks that are expected to depreciate in the short-term.

The Long-Short strategy is subject to the risks described above under “Long-Only.” This strategy is also subject to additional risks. For example, the Long-Short strategy is created by a proprietary model. The success of the strategy depends on the effectiveness of the model to identify and predict which stocks are expected to depreciate over the short-term. The factors used in the quantitative analysis and the weight placed on these factors may not be predictive of whether a stock will depreciate. If the market direction prediction is incorrect the strategy might lose money.

Equity Allocation: The Equity Allocation strategy is distinguished from the Long-Only equity strategy in that it varies the long exposure equities from 100% or higher to as low as 0% in response to market opportunities and risks. This strategy takes long positions in securities expected to have positive returns.

The Equity Allocation strategy is subject to the risks described above under “Long-Only.” This strategy is also subject to additional risks. For example, the Equity Allocation strategy is created by a proprietary model. The success of the strategy depends on the effectiveness of the model to identify and predict market conditions for allocation purposes. The factors used in the quantitative analysis and the weight placed on these factors may not be predictive of the market’s direction. If the market direction prediction is incorrect the strategy might lose money.

Market Neutral: The Market Neutral strategy seeks to produce attractive absolute returns with no net market exposure by taking long and short exposure to securities with similar risk profiles but divergent expected returns.

The Market Neutral strategy is subject to the risks described above under “Long-Only” and “Equity Allocation.”

Enhanced Equity: The Enhanced Equity strategy seeks to combine an underlying equity portfolio with an options strategy designed to enhance returns, generate income, and/or mitigate downside risk.

The Enhanced Equity strategy is subject to the risks described above under “Long-Only.” This strategy is also subject to additional risks, such as derivatives risk. Derivatives (such as options) are financial contracts whose value depend on, or are derived from, the value of an underlying asset, reference rate or index. A client account may use derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. An account may also use derivatives for leverage, in which case their use would involve leveraging risk. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. A client investing in a derivative instrument could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances.

## **Commodity Strategies**

**Agriculture Sector Risk.** The agriculture sector includes companies engaged in the manufacture and production of seeds, traits (seed characteristics attained through genetic modification), chemicals and fertilizers, farm machinery, equipment and irrigation, agricultural products, and livestock and aquaculture. Economic forces, including forces affecting agricultural markets, as well as government policies and regulations affecting the agricultural sector and related industries, could adversely affect portfolio companies and, thus, its financial situation and profitability. Agricultural production and trade flows are significantly affected by government policies and regulations. Governmental policies affecting the agricultural sector, such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products, can influence industry profitability, the planting of certain crops versus other uses of agricultural resources, the location and size of crop production, whether unprocessed or processed commodity products are traded and the volume and types of imports and exports. In addition, portfolio companies must comply with a broad range of environmental laws and regulations. Additional or more stringent environmental laws and regulations may be enacted in the future and such changes could have a material adverse effect on the business of the portfolio companies.

**Metals Sector Risk.** Metals sector includes companies engaged in the production of metal such as aluminum, steel, uranium, and diversified metals and mining. Companies in the metals sector may be adversely affected by changes in government regulation, world events and economic conditions. The price of metals has been subject to substantial price fluctuations over short periods of time. The price of metals may be affected by unpredictable international monetary and political policies such as currency devaluations or revaluations, economic and social conditions within an individual country, trade imbalances or trade or currency restrictions between countries. Companies in this sector could be adversely affected by commodity price volatility, changes in exchange rates and inflation, imposition of import controls, increased competition and changes in industrial and commercial demand for industrial metals.

**Energy Sector Risk.** The energy sector includes companies engaged in, for example, the production of coal and consumable fuels, integrated oil and gas, oil and gas exploration and production, oil and gas drilling, oil and gas equipment and services, oil and gas refining and marketing, and oil and gas storage and transportation. Companies in the energy sector may be adversely affected by changes in worldwide energy prices, exploration and production spending. These companies are also affected by changes in government regulation, world events and economic conditions. In addition, these companies are at risk of civil liability from accidents resulting in injury, loss of life or property, pollution or other environmental damage claims and risk of loss from terrorism and natural disasters. Companies in this sector could be adversely affected by commodity price volatility, changes in exchange rates, imposition of import controls, increased competition, depletion of resources, development of alternative energy sources, technological developments and labor relations.

**Precious Metals Sector Risk.** The precious metals sector includes companies engaged in the mining and production of gold and precious metals and minerals. Competitive pressures may have a significant effect on the financial condition of such companies. The high volatility of precious metal prices may adversely affect the financial condition of companies involved with precious

metals since precious metals companies are highly dependent on the price of such precious metals. These prices may fluctuate substantially over short periods of time so an Account's value may be more volatile than other types of investments. In times of significant inflation or great economic uncertainty, precious metals may outperform traditional investments such as bonds and stocks. However, in times of stable economic growth, traditional equity and debt investments could offer greater appreciation potential and the value of precious metals may be adversely affected, which could in turn affect an Account's returns.

## **Derivatives Strategies**

*Options Risk.* Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities becomes restricted.

*Swaps Risk.* NAAA may enter into swap agreements and other types of over-the-counter transactions with broker-dealers or other financial institutions. Depending on their structures, swap agreements may increase or decrease the exposure to various currencies, securities, commodities, indices, or other investments or units of measure. The value of a swap position increases or decreases depending on the changes in value of the underlying asset. The use of swaps involves investment techniques and risks different from and potentially greater than those associated with ordinary securities transactions. Swaps involve the risk that the price of the swap used to calculate net asset value does not accurately reflect its fair market value, which could have a favorable or unfavorable effect on the net asset value of a Fund. Many swaps are complex and often valued based on quotations given by the swap counterparty, who has adverse interests to NAAA or a Fund with respect to the value of the swap. In certain cases, the swap counterparty may be the only source of value quotations for a swap, while in other cases, multiple quotes may be available. As a result of the foregoing factors, NAAA may not be able to close out swaps at the price used to calculate net asset value. Also, under certain circumstances, if a swap counterparty undervalues the NAAA's interest in a swap, it could require NAAA to transfer greater amounts of collateral to the counterparty than if the swap was valued at fair market value.

*Counterparty Risk.* It should be noted that derivatives, swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of non-performance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. In the international securities markets, the existence of less mature settlement structures and systems can result in settlement default and exposure to counterparty credits.

*Short Selling Risk.* NAAA may sell securities of an issuer short. If the price of the issuer's securities declines NAAA may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between (a) the price received in the sale and (b) the cost of the securities purchased to cover the sale plus transaction expenses and any other fees. The possible losses from selling short securities differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the various national and regional securities exchanges, which restrictions could limit the investment activities of NAAA.

*Stock Borrowing Risk.* NAAA may borrow securities on terms that such securities may be recalled by the lender at short notice. If the securities are recalled, NAAA may be required to unwind a strategy early, which may result in losses.

*Hedging Risk.* Hedging strategies in general are usually intended to limit or reduce investment risk but can also be expected to limit or reduce the potential for profit.

**ERF Methodology Risk.** There is no assurance that NAAA will successfully identify and quantify the ERF methodology risk or which stocks have low or high ERF Scores. NAAA's ability to achieve its investment objective depends on its ability to correctly identify, calculate, and interpret ERF Scores. The failure to accurately identify, calculate, interpret, and assign ERF Scores to investments will adversely affect the value of your investment.

**Foreign and Emerging Market Risk.** NAAA's strategies may involve investments in foreign securities and emerging markets. Investments in foreign securities and emerging markets are also subject to higher political, social and economic risks. These risks include, but are not limited to, fluctuations in foreign currencies, foreign currency exchange controls, political and economic instability, differences in securities regulation and trading, a downturn in the country's economy, excessive taxation, and expropriation of assets by foreign governments. Compared to the U.S., foreign governments and markets often have less stringent accounting, disclosure, and financial reporting requirements. Foreign securities can be more volatile than domestic (U.S.) securities. Emerging markets are markets of countries in the initial stages of industrialization and generally have low per capita income. In addition to the risks of foreign securities in general, countries in emerging markets are generally more volatile and can have relatively unstable governments, social and legal systems that do not protect shareholders, economies based on only a few industries, and securities markets that trade a small number of issues which could reduce liquidity, resulting in more volatile than investments in more developed foreign countries.

**ESG Risk.** NAAA's strategies may incorporate environmental, social, and governance ("ESG") considerations. Incorporating ESG considerations into the investment decision-making process may result in a client investing in different investments than those clients that do not incorporate such considerations in their investment strategy or processes. The incorporation of ESG considerations may affect a client's exposure to certain sectors and/or types of investments, and may adversely impact the performance of the client's portfolio depending on whether such sectors or investments are in or out of favor in the market. In addition, investments in certain companies

may be susceptible to various factors that may impact their businesses or operations, including costs associated with government budgetary constraints that impact publicly funded projects and clean energy initiatives, the effects of general economic conditions throughout the world, increased competition from other providers of services, unfavorable tax laws or accounting policies and high leverage. NAAA's ESG methodology incorporates data and scores provided by third parties, which may be limited or may only take into account one or a few of many ESG-related components of underlying issuers. In addition, ESG information and scores across third party data providers, indexes and other funds may differ and/or be incomparable. In addition, regulatory, policy, and legislative changes in the U.S. and in other countries may affect many aspects of the companies that NAAA seeks to invest in. Regulations related to ESG criteria and factors may significantly impact the issuers of these securities and may cause NAAA to make significant and costly adjustments to its ESG investment model, which could significantly impact its performance. Given the broad scope of such potential regulations, any such impact on these companies and NAAA is unclear and may not be fully known for some time. These changes and any future regulatory changes could adversely affect NAAA and investments following an ESG strategy.

**Quantitative Model Risk.** NAAA's investment strategies may seek to track a quantitative strategy index, meaning that NAAA would invest in securities comprising an index created by its own proprietary quantitative investment model. The success of this type of investment strategy depends on the effectiveness of the model in screening securities for inclusion in the model or Index. The factors used in the quantitative analysis and the weight placed on these factors may not be predictive of a security's value. As a result, this type of investment strategy may have a lower return than if NAAA were to manage an account using a fundamental investment strategy or an index-based strategy that did not incorporate quantitative analysis.

**Market Risk and Pandemics.** All strategies are also subject to general market risk, including the risk to the market presented by pandemics and natural disasters. Potential risks include shortages and supply chain issues, transportation issues, rising costs, disruption of customer and vendor relationships, the potential for reputational harm, litigation over contract defaults and disputes regarding the application of *force majeure* clauses, the impact of government actions, as well as the consequences of potential litigation exposure.

Each client bears the risk of loss that NAAA's investment strategies entail. As described above, certain risks are associated with certain investment strategies. Other risks may be common to two or more investment strategies, like risks associated with changes in regulatory regimes or general market conditions. Certain other risks arise in connection with particular types of investments. Investors should carefully read all applicable informational materials for further information about the risks associated with their investment. While NAAA seeks to manage accounts so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss, and there can be no guarantee that a particular level of return or objective will be achieved.

### **Item 9 – Disciplinary Information**

The disclosures required under this item of Form ADV Part 2 are not applicable to NAAA. There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of NAAA's advisory business or the integrity of its management.



## **Item 10 – Other Financial Industry Activities and Affiliations**

NAAA's Advisory Affiliates are related persons that serve as general partners, or managing members, to the private Funds managed by NAAA. In connection with their service as general partners or managing members, the Advisory Affiliates maintain investments in the Funds and provide investment management and administrative services to the Funds. NAAA's owners maintain ownership positions in the Advisory Affiliates. As described in Item 6, the Advisory Affiliates are also entitled to receive performance-based fees from the Funds, which creates a conflict of interest.



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

### **Code of Ethics and Personal Trading**

NAAA has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. NAAA’s Code has several goals. First, the Code is designed to assist NAAA in complying with applicable laws and regulations governing its investment advisory business. Under the Advisers Act, NAAA owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires NAAA’s associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on inside information.

Second, the Code sets forth guidelines for professional standards for NAAA’s associated persons (managers, officers and employees). Under the Code, NAAA’s associated persons are required to put the interests of clients first, ahead of personal interests. In this regard, NAAA’s associated persons are not permitted to take inappropriate advantage of their positions in relation to NAAA clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. The Code’s personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

A copy of NAAA’s Code of Ethics is available to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

From time to time NAAA’s associated persons may invest in the same securities recommended to clients. In order to reduce or eliminate conflicts of interest created by this policy, NAAA has established a policy requiring its associated persons to pre-clear transactions in certain securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflict of interest that may present itself in these situations. Certain financial instruments, such as CDs, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement.

NAAA may from time to time recommend to clients or direct clients’ accounts to invest in the Funds. In such cases, NAAA expects to waive its advisory fee to the extent that NAAA or an affiliate of NAAA receives advisory fees from such Funds.

Each associated person receives a copy of the Code and of each amendment thereto, and is required to acknowledge such receipt in writing. The Code further requires each associated person to report any violation of the Code promptly to NAAA’s Chief Compliance Officer.

As explained in Item 10 above, NAAA’s Advisory Affiliates, which are owned in part by NAAA’s owners, are related persons of NAAA and serve as the general partners and managing members of the private Funds managed by NAAA. These Advisory Affiliates also commit capital to the Funds,

and as a result every investment made by a Fund involves a purchase of securities whereby related persons of NAAA acquire an indirect interest in such securities.

NAAA's Principals, Advisory Affiliates, and associated Persons may maintain investments directly in certain of the Funds. This creates a conflict in that it could cause NAAA to make different investment decisions than if such parties did not have such financial ownership interests. However, NAAA believes that such financial interests align NAAA's and its Advisory Affiliates incentives with investors.

## **Item 12 – Brokerage Practices**

### **Counterparty/Broker Selection**

NAAA seeks to obtain “best execution” for client transactions (i.e., the most favorable price and execution under the circumstances) where it has discretion to choose the counterparty/broker-dealer to execute trades. In determining the reasonableness of counterparty/broker-dealer compensation, NAAA considers, among other things, such factors as execution capability, financial responsibility, responsiveness to NAAA, the commission rate or spread involved, and the value and range of research products and services provided or paid for by a broker-dealer. Such research products may include research reports on companies, industries and securities, economic and financial data, financial publications, and services.

In seeking best execution, NAAA is not obligated to choose the counterparty offering the lowest available commission rate if, in NAAA’s reasonable judgment, (i) there is material risk that the overall cost to purchase securities will be higher or the proceeds from the sale of securities will be lower; (ii) a higher commission is justified by the trading or research services provided by the counterparty that fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended, or (iii) other considerations, such as the order size, the time required for execution, the depth and breadth of the market for the security, minimum credit quality requirements to transact business with a particular counterparty, or the quality of the counterparty’s back office dictates utilizing a different counterparty.

In instances where it has discretion to choose the counterparty/broker-dealer to execute trades, NAAA maintains an Approved Counterparty List. The Approved Counterparty List sets out counterparties/broker-dealers approved by NAAA that advisory personnel may use to execute client transactions. Transactions may only be executed with counterparties on the Approved Counterparties List unless an exception is granted by the Chief Compliance Officer. Initially and on an ongoing basis, NAAA consults a variety of information relating to a counterparty/broker-dealer, including regulatory reports and financial information, in connection with adding and maintaining a counterparty to the Approved Counterparty List. Generally, counterparties on the Approved Counterparty List must, in NAAA’s opinion, have financial stability and a positive reputation in the industry.

In instances where NAAA does not have discretion to choose the counterparty/broker-dealer to execute trades, NAAA will not maintain an Approved Counterparty List. For example, certain Funds sub-advised by NAAA may have an adviser, Investment Committee or similar body that dictates which broker to place trades with, or that establishes a list of acceptable brokers through which trades may be placed. With respect to these Funds, NAAA will generally follow the instruction or recommendation of the Investment Committee or place trades with those brokers on the approved list.

## Soft Dollar Policy

NAAA does not currently have any formal agreements whereby it directs client transactions to a particular broker-dealer in return for soft dollar benefits. The term “soft dollars” is not defined under the federal securities laws. It generally refers to practices in which broker-dealers provide products and services (such as investment research) to advisers or other persons in exchange for the adviser executing client brokerage transactions through the broker-dealer. The term is also used to refer to the calculation of the dollar amount of credits, based on the volume of brokerage commissions on transactions executed through a broker, that an adviser can use to purchase brokerage and research services.

Section 28(e) of the Securities Exchange Act of 1934 provides that a person who exercises investment discretion with respect to an account shall not be deemed to have acted unlawfully or to have breached a fiduciary duty solely by reason of his/her having caused the account to pay more than the lowest available commission if such person determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided. The research product or service obtained with soft dollars must provide lawful and appropriate assistance to the adviser in the performance of its investment decision-making responsibilities.

Since there is a conflict of interest when an adviser receives research products or services as a result of allocating brokerage on behalf of clients, advisers are required to disclose soft dollar arrangements to clients. When NAAA uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, NAAA receives a benefit because it does not have to produce or pay for the research, products or services. NAAA may have an incentive to select or recommend a broker-dealer based on its interest in receiving research or other products or services, rather than on the clients’ interest in receiving most favorable execution.

NAAA anticipates that its clients may pay commissions in return for soft dollar benefits that are higher than those obtainable from other broker-dealers that do not offer comparable levels of service or research products or services. Research furnished by broker-dealers may be used in servicing the accounts of any or all of NAAA’s clients, including accounts other than those that pay commissions to the broker-dealers that supplied NAAA with research services.

If NAAA uses soft dollars in the future, its use will be limited to research products or services that directly assist NAAA in its investment decision-making responsibilities. Broker-dealers who supply NAAA with research products or services may charge higher commissions than those obtainable from other broker-dealers who do not do so. NAAA has internal control procedures to monitor and review its soft dollar practices and to evaluate the reasonableness of brokerage commissions in relation to the value of the brokerage and research services provided, in terms of either a particular transaction or NAAA’s overall responsibilities, with respect to accounts as to which NAAA exercises investment discretion.

## **Directed Brokerage**

Under a directed brokerage arrangement, the client is responsible for directing NAAA to execute all transactions through a specified broker-dealer. No directed brokerage arrangement may be entered into by any NAAA personnel without the Chief Compliance Officer's prior approval. Such an arrangement may be permitted if the following factors are met:

- The client is informed that NAAA's ability to obtain best execution may be hindered by the directed brokerage relationship;
- The client is informed that directing brokerage may cost the client more money and that the client may receive less favorable prices;
- The client is informed that they may lose any benefit from savings on execution costs that NAAA could obtain for its other clients through negotiating for volume discounts (where appropriate) with brokers;
- If the client is a retirement account, NAAA shall assure itself that the directed brokerage arrangement will exclusively benefit the account and any participating beneficiaries.

## **Broker Referrals**

NAAA does not typically direct trades to brokers on the basis of client referrals or solicitations made by such brokers.

## **Wrap Fee Program**

NAAA does not participate in or sponsor a wrap fee program.

## **Aggregation Policy**

In order to minimize execution costs and obtain best execution for clients, trades in the same security transacted on behalf of more than one client may be aggregated (i.e. blocked or bunched), subject to the aggregation being in the best interests of the participating clients and NAAA's obligation to seek best execution. NAAA will aggregate trades, unless it believes that doing so would conflict or otherwise be inconsistent with its duty to seek best execution for the clients and/or the terms of the respective investment advisory contracts and other agreements and understandings relating to the clients for which trades are being aggregated. When NAAA believes that it can effectively obtain best execution for the clients by aggregating trades, it will do so for all clients participating in the trade for which aggregated trades are consistent with the respective investment advisory contracts, investment guidelines, and other agreements and understandings relating to the clients. In the event trades are aggregated, NAAA shall: (i) treat all participating client accounts fairly; (ii) continue to seek best execution; and (iii) ensure that clients who participate in an aggregated order will participate at the same price, net of transaction costs.

When a trade is to be executed for a single client and the trade is not in the best interests of other clients at the time of the transaction, then the trade will be executed only for that client. Other instances in which client orders will not be aggregated include, but are not limited to, the following:

- Traders and/or portfolio managers determine that the aggregation is not appropriate due to market conditions;
- Portfolio managers effect the transactions through an approved client-requested directed-brokerage arrangement (i.e. the same security/investment with different brokers), making aggregation unfeasible; or
- A client directs a purchase or sale transaction not in the best interests of other clients at the time of the transaction.

## **Item 13 – Review of Accounts**

### **Reviews**

NAAA conducts investment reviews of each client account no less frequently than annually. Account reviews are conducted by the appropriate Portfolio Manager in consultation with the Chief Compliance Officer. The review includes an assessment of whether the account is being managed consistent with the client's Investment Objectives and other written directions, whether the account is adhering to regulatory guidelines, whether the account is achieving target asset allocations, how the account matches up against relevant benchmark's and indices, and whether any errors have occurred with respect to the account. In addition, investment performance figures and analytics are generated and reviewed by portfolio management and operations teams to ensure consistency of style and to monitor dispersion. The account is also reviewed to determine whether it is appropriate to use in performance composites.

With respect to Funds, each Fund's account is reviewed to make sure it is being invested consistent with the investment objectives, strategies, and any applicable investment restrictions described in the Fund's applicable offering documents, as amended or supplemented, and with any policies, guidelines, instructions and procedures approved by the Fund's management, Board of Trustees, Board of Directors, or other governing body and provided to NAAA.

In addition to the formal review described above, the CIO and CEO will generally hold quarterly performance review meetings with portfolio management. During these meetings, investment performance for each strategy and the relevant underlying investment accounts will be reviewed to ensure each account is performing in accordance with expectations.

In addition to the periodic reviews of client accounts described above, NAAA will also review client accounts on a non-periodic basis upon request or in situations in which NAAA knows that the client has undergone a significant change in circumstances. For example, if a client has a significant contribution into or withdrawal from an account, NAAA will review the client's account to ensure that the account is still meeting the client's goals as identified in the client's Investment Objectives. Reviews may also be triggered by material market, economic, or political events or macroeconomic and company-specific events.

### **Reports**

SMA and direct indexing clients generally receive quarterly performance and holdings reports and monthly holdings and transaction reports directly from the client's custodian. Custodian statements contain a holdings list, a listing of all account transactions including contributions and withdrawals, and show all fees that have been debited by the custodian for investment management services or sub-advisory services and paid to NAAA. NAAA requires that clients provide it with either paper copies of or internet access to such statements through the custodian's website. Generally, no less than quarterly, NAAA will reconcile its record of the client positions to the statements received from the custodian. NAAA will also provide performance reports upon a client's request.

#### **Item 14 – Client Referrals and Other Compensation**

NAAA does not have any arrangement under which it directly or indirectly compensates others for client referrals. NAAA does not receive any economic benefit from anyone who is not a client for providing advisory services to clients.



### **Item 15 – Custody**

Pursuant to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), NAAA is deemed to have custody of the assets held by the private Funds it manages because affiliates of NAAA serve as the general partners or managing members of the Funds.

To ensure compliance with the Custody Rule, NAAA will ensure that the private Funds are subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“PCAOB”) and that the audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles and distributed to investors within 120 days of the end of each Fund’s fiscal year. Investors should carefully review the audited financial statements of the Funds upon receipt and should compare these statements to any account information provided by NAAA.

NAAA does not otherwise have custody of client funds, securities or other assets. Clients generally enter into custodial agreements with third parties at the time of opening an SMA or direct indexing account and client assets are held by such custodians. NAAA’s clients will receive account statements, at least quarterly, directly from their custodian. These statements identify the amount of money in the clients’ accounts, each security held at the end of the period, and list all transactions during that period.

Clients are urged to review account statements received directly from their custodian and to compare these statements to any statements received from NAAA or an affiliate. Clients are asked to promptly notify NAAA if the custodian fails to provide statements on each account held or if the statements received from the custodian do not match statements received from NAAA.

## **Item 16 – Investment Discretion**

NAAA is generally granted full investment discretion to manage its client's accounts, subject to the client's Investment Objectives, guidelines and restrictions.

NAAA works together with each SMA client to establish the client's initial Investment Objectives and to make sure they are tailored to the client's specific needs. With sub-advisory relationships, NAAA will manage client accounts according to the directions provided by the client's adviser. During this process and afterward by providing written notice to NAAA, the client (or adviser with sub-advised arrangements) may modify the Investment Objectives or impose restrictions on investing in certain securities or certain types of securities. For example, clients may place restrictions on NAAA's ability to use leverage or to invest in specific securities or types of securities. SMA client's Investment Objectives will be memorialized by NAAA and documented in writing prior to implementation of an investment strategy. NAAA will utilize the Investment Objectives to determine the appropriate target asset allocation and the discretionary management of the client's assets on an ongoing basis. The Investment Objectives will be reviewed and approved by the client at the inception of the relationship and will be reviewed and discussed periodically over time, but no less frequently than annually. Clients must notify NAAA should there be any changes to their financial circumstances, needs, objectives and/or tolerance for risk or other circumstances relevant to management of their account(s).

Before assuming discretionary authority for an account, NAAA generally executes a power of attorney, which is normally included in the IMA, with the client pursuant to which NAAA agrees to supervise and direct the investment of the assets in the account in accordance with the IMA and client's Investment Objectives for that account.

NAAA is generally granted full investment discretion to manage the Funds consistent with the investment objectives, strategies, and any applicable investment restrictions described in each Fund's offering document (private placement memorandum, etc.), as amended or supplemented, and with any policies, guidelines, instructions and procedures approved by the Fund's management, Board of Trustees, Board of Directors, or other governing body and provided to NAAA. With certain Funds, NAAA has hired a sub-adviser and delegated certain investment management responsibilities to the sub-adviser.

## **Item 17 – Voting Client Securities**

### **Proxy Voting**

NAAA's Proxy Voting Policies and Procedures set forth the responsibilities of all employees of NAAA with respect to proxy voting on behalf of NAAA's clients who have delegated and authorized NAAA to vote proxies on their behalf. The policies have been adopted by NAAA to ensure that NAAA votes proxies in the best interests of its clients.

Where NAAA has been delegated the responsibility for voting proxies, it will take reasonable steps under the circumstances to ensure that proxies are received and voted in the best long-term interests of its clients. This generally means voting proxies with a view to enhancing the value of the securities held in client accounts, considering all relevant factors and without giving undue weight to the opinions of other individuals or groups who may have an economic interest in the outcome of the proxy vote. NAAA's authority is established in the IMA. If NAAA is granted proxy voting discretion, a client cannot direct how a proxy should be voted.

The financial interest of NAAA's clients is the primary consideration in determining how proxies should be voted. Any material conflicts of interest between NAAA and its clients with respect to proxy voting are resolved in the best interests of the clients as described later in this Item.

NAAA utilizes the services of an outside proxy voting firm to act as agent for the proxy process, to maintain records on proxy votes for its clients, and to provide independent research on corporate governance, proxy and corporate responsibility issues. The proxy voting guidelines are set forth in the proxy voting firm's guidelines that NAAA uses in voting specific proposals. Absent any conflicts of interest, NAAA will usually vote proxies in accordance with the proxy voting firm's recommendations. However, NAAA may deviate from the guidelines if it is determined to be in the best interest of the client, or if required to deviate under applicable law, rule or regulation.

### **Conflicts of Interest**

NAAA occasionally may be subject to conflicts of interest in the voting of proxies due to relationships it maintains with persons having an interest in the outcome of particular votes. Some examples of conflicts in the voting of proxies are: (a) NAAA or an NAAA affiliate provides or is seeking to provide services to the company on whose behalf proxies are being solicited, or (b) an employee of NAAA or its affiliate has a personal relationship with the company's management or another proponent of a proxy issue. NAAA's Chief Compliance Officer will determine whether a material conflict of interest exists. If a material conflict of interest exists, the Chief Compliance Officer will consult representatives of senior management (and legal counsel, as necessary) to determine how to vote the proxy consistent with the procedures below.

The method selected by NAAA to resolve the conflict may vary from one instance to another depending upon the facts and circumstances of the situation, but in each case, consistent with its duty of loyalty and care.

## **Obtaining Proxy Voting Information**

Clients may request information regarding how NAAA voted with respect to their securities, or may request a copy of NAAA's Proxy Voting Policies and Procedures, by sending a written request to:

New Age Alpha Advisors, LLC  
Attn: Chief Compliance Officer  
555 Theodore Fremd Avenue  
Suite A-101  
Rye, NY 10580

## **Corporate or Legal Actions**

Corporate actions, such as rights offerings, tender offers, and stock splits or actions initiated by holders of a security rather than the issuer (such as reset rights for a CLO) or legal actions, such as bankruptcy proceedings or class action lawsuits, are outside the scope of proxy voting. Corporate and legal actions involve decisions about a security itself, rather than decisions about the governance of the security's issuer. NAAA does not provide legal advice; however, NAAA will work with the client to gather relevant information and assist the client in determining how to respond to a corporate or legal action about which they are notified. In arriving at a determination, the client may need to enlist the assistance of lawyers, professional advisors, and consultants, as necessary or appropriate.

### **Item 18 – Financial Information**

NAAA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and thus has not included a balance sheet for its most recent fiscal year. NAAA is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients. Additionally, NAAA has not been the subject of a bankruptcy proceeding.