



ADV Part 2A, Brochure  
Dated: March 22, 2024

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**This Brochure provides information about the qualifications and business practices of CXI Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (260) 333-5123. 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 CXI Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to CXI Advisors, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no further material changes made to this Brochure since our last Annual Amendment filing made on March 10, 2023.

## **Item 3           Table of Contents**

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#### **Item 4            Advisory Business**

- A. CXI Advisors, LLC, (the “Registrant”) is a limited liability company formed on April 4, 2019, in the state of Delaware. The Registrant became registered as an Investment Adviser Firm in May 2019. The Registrant is owned by CX Institutional, LLC, an SEC registered investment adviser firm (CRD# 292627). The officers and directors of the Registrant are also the officers and directors of CX Institutional, LLC.
- B. As discussed below, the Registrant, through its affiliated SEC registered investment advisor, CX Institutional, LLC (“CX Institutional”) offers to its clients (currently: individuals, high net worth individuals, charitable organizations, business entities and pension and profit sharing plans) investment advisory services and, to the extent specifically requested by the client, financial planning and consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The Registrant may be engaged to provide, pursuant to the sub-advisory agreement between Registrant and CX Institutional, discretionary and non-discretionary investment advisory services on a wrap and non-wrap fee basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Before Registrant provides investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. The Registrant will then allocate investment assets consistent with the designated investment objectives to be managed by CX Institutional. Once allocated, the Registrant provides ongoing monitoring and review of asset allocation as compared to client investment objectives.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES**

The Registrant, pursuant to the sub-advisory agreement between Registrant and CX Institutional, provides financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, etc.) on a stand-alone basis. Prior to engaging the Registrant solely to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

If the client engages any such recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e., attorney, accountant, etc.), and not the Registrant, shall be responsible for the quality and competency of the services provided.

It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant’s previous recommendations and/or services.

## RETIREMENT PLAN SERVICES

The Registrant also provides, pursuant to the sub-advisory agreement between Registrant and CX Institutional, retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). The terms and conditions of the engagement shall be set forth in an agreement between the Registrant and the plan sponsor.

To the extent that the plan sponsor engages the Registrant in an ERISA Section 3(21) capacity, the Registrant will assist with the selection and/or monitoring of investment options (generally open-end mutual funds and exchange traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts.

## MISCELLANEOUS

**Limitations of Financial Planning and Non-Investment Consulting / Implementation Services.** As indicated above, to the extent specifically requested by the client, the Registrant, pursuant to the sub-advisory agreement between Registrant and CX Institutional may provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant shall not receive any separate or additional fee for any such consultation services. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant and no portion of the Registrant’s services should be construed as legal or accounting services. Accordingly, Registrant does not prepare estate planning documents or tax returns. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, etc.). The client is under no obligation to engage the services of any such recommended professional.

The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any such recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Sub-Advisor Arrangement.** The Registrant is affiliated with CX Institutional, a registered investment adviser firm. Registrant shall engage CX Institutional to provide investment management services on a sub-advisory basis according to the terms and conditions of a written Sub-Advisory Agreement. With respect to its sub-advisory services, Registrant will maintain both the initial and ongoing day-to-day relationship with the client, including initial and ongoing determination of client suitability for the client’s designated investment strategies and/or programs. The Registrant’s Chief Compliance Officer, Kyle Osting, remains available to address any questions concerning the Registrant’s sub-advisory arrangements.

**Use of Mutual and Exchange Traded Funds.** Most mutual funds and exchange traded funds are available directly to the public. Therefore, a prospective client can obtain many of the funds that may be utilized by the Registrant or CX Institutional independent of engaging the Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive the Registrant’s initial and ongoing investment

advisory services. In addition to the Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

**Unaffiliated Private Investment Funds.** Registrant may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Risk:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Fund Valuation:** If Registrant bills an investment advisory fee based upon the value of private investment funds or otherwise references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. The current value of any private investment fund could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant 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 and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

**Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis must be willing to accept that Registrant cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Therefore, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**eMoney Advisor Platform.** The Registrant, through its sub-advisory relationship with CX Institutional, may provide its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney"). The eMoney platform allows a client to view their complete asset allocation, including those assets that Registrant does not manage (the "Excluded Assets").

Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investment performance. The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Registrant and the client.

The eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. Finally, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Registrant's assistance or oversight.

**Socially Responsible (ESG) Investing Limitations.** Socially Responsible Investing involves the incorporation of Environmental, Social and Governance ("ESG") considerations into the investment due diligence process. ESG investing incorporates a set of criteria/factors used in evaluating potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not and could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are limited when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Registrant), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful. Registrant does not maintain or advocate an ESG investment strategy but will seek to employ ESG if directed by a client to do so. If implemented, Registrant shall rely upon the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account portfolio manager to determine that the fund's or portfolio's underlying company securities meet a socially responsible mandate.

**Cash Positions.** Registrant continues to treat cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund.

**Cash Sweep Accounts.** Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion Registrant shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or

other type security) available on the custodian's platform, unless Registrant reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

The above does not apply to the cash component maintained within a Registrant actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager and cash balances maintained for fee billing purposes.

The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any Registrant unmanaged accounts.

**Client Obligations.** In performing its services, Registrant 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. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

**Cybersecurity Risk.** The information technology systems and networks that Registrant and its third-party service providers use to provide services to Registrant's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Registrant's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Registrant are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Registrant has established procedures to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that Registrant does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Disclosure Statement.** A copy of the Registrant's written disclosure statement and Client Relationship Summary, as set forth on Part 2 of Form ADV and Form CRS respectively, shall be provided to each client before, or contemporaneously with, the execution of the Investment Advisory Agreement.

- C. The Registrant shall provide investment advisory services tailored to the needs of each client. Before providing investment advisory services, an investment adviser representative

will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.

- D. Although the Registrant does not sponsor a wrap fee program, the Registrant, through its relationship with CX Institutional, offers investment management services on a wrap fee basis. Under CX Institutional's wrap offerings, the client generally receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the client more or less than purchasing such services separately. The terms and conditions of a wrap program engagement are more fully discussed in CX Institutional's Wrap Fee Program Brochure, a copy of which is provided to all CX Institutional wrap fee participants.

**Conflict of Interest.** Because wrap program transaction fees and/or commissions are being paid by CXI Advisors and CX Institutional to the account custodian/broker-dealer, CXI Advisors and CX Institutional have an economic incentive to maximize their compensation by seeking to minimize the number of trades in the client's account. The Registrant's Chief Compliance Officer, Kyle Osting, remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.

- E. As of December 31, 2023, the Registrant had \$0 in assets under management on a discretionary basis, and \$0 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

The Registrant, through CX Institutional, provides discretionary and non-discretionary investment advisory services on a wrap and non-wrap fee basis. The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value of the assets placed under management (between negotiable and 2.50%).

Fees shall vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client.

As a result, similarly situated clients could pay different fees, which will correspondingly impact an underlying client's net account performance. Moreover, the services we provide may be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Before engaging the Registrant to provide asset management services through CX Institutional, clients are required to enter into an agreement with the Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.



## **FINANCIAL PLANNING AND CONSULTING SERVICES FEES**

The Registrant, pursuant to the sub-advisory agreement between Registrant and CX Institutional, provides financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone basis. Before engaging the Registrant to provide financial planning or consulting services, clients may be required to enter into a Financial Planning and Consulting Agreement setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before the Registrant commences services.

## **RETIREMENT PLAN SERVICES**

The Registrant, pursuant to the sub-advisory agreement between Registrant and CX Institutional, also provides retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). The terms and conditions of the engagement shall be set forth in a Retirement Plan Services Agreement between the Registrant and the plan sponsor. The Registrant’s fee for retirement plan services shall be based upon a percentage (%) of the market value of assets within the plan and is negotiable.

- B. Clients may elect to have the Registrant’s advisory fees deducted from their custodial account. Both Registrant’s Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant’s investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant’s invoice. The Registrant shall deduct fees and/or bill clients monthly in arrears, based upon the average daily balance during the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client’s circumstances require, the Registrant generally recommends that Charles Schwab & Co., Inc., a FINRA and SIPC member broker-dealer/custodian (“Schwab”) and/or LPL Financial, a FINRA and SIPC member broker-dealer/custodian (“LPL”) and/or serve as the broker-dealer/custodian for client investment management assets.

Broker-dealers such as Schwab and LPL charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including Schwab and LPL, generally (with the potential exception for large orders) do not currently charge fees on individual equity transactions (including ETFs), others do.

There can be no assurance that Schwab and LPL will not change their transaction fee pricing in the future.

Schwab and LPL may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. The fees charged by the applicable broker-dealer/custodian, and the charges imposed at the fund level, are in addition to Registrant’s investment advisory fees referenced in this Item 5.

- D. Registrant's annual investment advisory fee shall be prorated and paid monthly, in arrears, based upon the average daily balance during the previous quarter. The Registrant requires a minimum asset level of \$5,000 for investment advisory services. However, the Registrant may engage other advisers, including CX Institutional, who may require a minimum annual fees or higher minimum asset levels. All such minimums are disclosed in each investment adviser's ADV.

The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, the Registrant shall charge a prorated fee paid based upon the number of days service was rendered during the final billing quarter.

- E. Neither the Registrant, nor its representatives, accepts compensation from the sale of securities or other investment product.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients currently include individuals, high net worth individuals, charitable organizations, business entities and pension and profit-sharing plan. The Registrant does not require a minimum annual fee or asset level for investment advisory services.

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

- A. The Registrant may utilize the following methods of security analysis:

### Fundamental Analysis

This method attempts to measure a security's intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to attempt to produce a value that an investor can compare with the security's current price to determine what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security or index.

### Quantitative Analysis

This method attempts to measure a security's, or indices', risk and value by analyzing its relative metrics to the broad market. Such metrics include standard deviation, correlations, expected return metrics, balance sheet ratio analysis, and overall outputs tied to multiple regression analysis.

### Technical Analysis

This method attempts to measure a security's value by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### Cyclical Analysis

This method attempts to forecast the direction of prices through analysis performed on historical relationships between price and market trends.

### Investment Risk

Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s). Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies.

The Registrant uses the following investment strategies when implementing investment advice given to clients:

### Long Term Purchases

This refers to investments that are purchased with the intention of being held for at least one year.

### Short Term Purchases

This refers to investments that are purchased with the intention of being sold within one year.

### Option Writing

Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time. Option writing includes covered options, uncovered options, or spreading strategies.

### Margin Accounts

The Registrant does not generally recommend the use of margin. However, should a client determine to use margin, the Registrant will include the entire market value of the margined assets when computing its advisory fee. Accordingly, Registrant's fee shall be based upon a higher margined account value, resulting in Registrant earning a correspondingly higher

advisory fee. As a result, a conflict of interest arises since Registrant may have an economic disincentive to recommend that the client terminate the use of margin.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, the Registrant, through CX Institutional, primarily allocates client investment assets among various individual equity, and, to a lesser extent, among fixed income securities and various mutual funds and exchange traded funds on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objectives.

Each type of investment has its own unique set of risks associated with it, and it would not be possible to describe the specific risks of every type of investment. However, the following provides a short description of some of the underlying risks associated with the types of investments that CX Institutional uses or recommends:

Market Risk: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Equity (stock) market risk: Common stocks 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. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk: When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the

company may be reduced.

Fixed Income Risk: When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

Options Risk: Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

ETF and Mutual Fund Risk: When the Registrant invests in an ETF or mutual fund, the client will bear additional expenses based on its pro-rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs if they do so outside of the Program.

Management Risk: Client investment success varies with the success and failure of the CX Institutional and or Registrant's strategies research, analysis and determination of portfolio securities. If the Registrant's investment strategies do not produce the expected returns, the value of the investment will decrease.

The Registrant may allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its asset allocation models. Registrant's asset allocation model administration has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets asset allocation models:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the

Registrant not to purchase certain securities;

8. No Pooling – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;

9. Separate Account - a separate account is maintained for the client with the Custodian;

10. Ownership – each client retains indicia of ownership of the account (e.g., right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the Investment Advisory Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, Registrant’s annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant’s annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses).

Registrant’s investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Other Investment Advisor**. As indicated in Item 4 above, the Registrant is affiliated with CX Institutional, a SEC registered investment adviser firm (CRD# 292627). Registrant shall engage CX Institutional to provide investment management services on a sub-advisory basis. This arrangement does not present a conflict of interest, because clients do not incur additional or increased advisory fees as a result.
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed before those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## Item 12      Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant and CX Institutional generally recommend that investment management accounts be maintained at Schwab or LPL. Before engaging Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant and CX Institutional consider in recommending Schwab or LPL (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's 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 the Registrant determines, in good faith, that the commission/transaction fee is reasonable. 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 the broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee.

### 1. Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from Schwab and LPL (or could receive from other broker-dealer/custodians, unaffiliated investment managers, vendors, investment platforms, and/or product/fund sponsors) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. The support services that Registrant obtains can include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/or free travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations. As referenced above, certain of the support services and/or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise. The receipt of these support services and products presents a conflict of interest, because the Registrant may be incentivized to recommend that clients utilize Schwab or LPL as a broker-dealer/custodian based upon its interest in receiving ongoing support services and products, rather than based on a client's particular need. However, Registrant's clients do not pay more for investment transactions effected and/or assets maintained at



Schwab or LPL as a result of this arrangement. There is no corresponding commitment made by the Registrant to Schwab or LPL or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. The Registrant's Chief Compliance Officer, Kyle Osting, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest presented.

2. The Registrant does not receive referrals from broker-dealers.
  3. Directed Brokerage. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. If the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.
- B. Transactions for each client account generally will be effected independently, unless the Registrant and or CX Institutional decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant and or CX Institutional may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant and or CX Institutional shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on a monthly basis by Registrant's representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial issues, investment objectives and account performance with the Registrant on an annual basis, as applicable.

- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts.

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

- A. As referenced in Item 12.A.1. above, the Registrant receives economic benefits such as support services and/or products without cost or at a discount from Schwab and LPL. Registrant can also receive similar support services and/or products from various other broker-dealers/custodians.

There is no corresponding commitment made by the Registrant to Schwab, LPL or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements.

- B. Neither the Registrant nor related persons of the Registrant compensate non-supervised persons for client referrals.

#### **Item 15            Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a monthly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Registrant provides investment advisory services will also receive a quarterly report from the Registrant.

To the extent that the Registrant provides clients with periodic account statements or reports, Registrant urges clients to carefully review those statements and compare them to custodial account statements. Registrant's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The account custodian does not verify the accuracy of the Registrant's advisory fee calculations.

#### **Item 16            Investment Discretion**

Clients are required to engage the Registrant on a discretionary basis in order to provide investment advisory services. Before Registrant assumes discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, granting the Registrant, and potentially a sub-adviser, limited power of attorney to transact within the client's designated accounts, such authority shall allow the Registrant to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account. Clients may, at any time, impose restrictions, in writing, on the Registrant's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities

with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

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

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

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

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

The Registrant's Chief Compliance Officer, Kyle Osting, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.