

Appendix 1 of Part 2A Wrap Fee Program Brochure

March 18, 2024

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This wrap fee program brochure provides information about the qualifications and business practices of Focused Alpha, LLC. If you have any questions about the contents of this brochure, please contact us at 303-529-5100 or email to info@focusedalpha.com. 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. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Focused Alpha, LLC also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. At this time, there are no material changes from the last annual update of this disclosure statement issued on March 23, 2023.

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Item 4. Services, Fees and Compensation

A. Focused Alpha, LLC

Focused Alpha, LLC ("FA" and/or the "firm") is a limited liability company organized in the state of Delaware. The firm was established in August 2020 and approved to conduct business in March 2021. Daniel Barotz is the sole owner and Managing Member of FA.

Kevin Goldin, an investment advisory representative of FA, conducts investment advisory activities through a separate unaffiliated entity titled Goldin Wealth Management. He is registered through FA and performs investment advisory activities through and under the supervision of FA.

Portfolio Management Services

FA provides portfolio management services exclusively on a wrap fee basis as a wrap program sponsor. Under our wrap program, clients will receive investment advisory services and the execution of securities brokerage transactions for a single specified fee.

FA provides a complete portfolio management service, primarily on a discretionary basis, but provides non-discretionary services upon mutual consent between FA and the client. This includes the purchase, sale, and continuous supervision of all assets under management. Generally, we invest in stocks, exchange-traded funds, and bonds, although stock options and convertible securities, among other investments, may be used in the customization of client portfolios or asset allocation programs. See Item 6 of this brochure.

In addition to managing portfolios on a customized basis, FA may offer a variety of investment strategies to retail clients, which will be presented and discussed at the time of the recommendation.

The firm seeks to meet the client's particular investment needs by developing a customized investment strategy based upon guidelines that are jointly established by the client and FA. At the commencement of services, the firm reviews the client's investment objectives and risk tolerance. Based upon that review and other information provided by the client, FA makes a subsequent recommendation to the client as to which investment style the firm believes is best suited for the client. The client makes the final decision as to which investment style is chosen for the client's account.

For its discretionary asset management services, FA receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 6 of this brochure. In addition, pursuant to the terms of its investment advisory agreement with clients, FA will remind clients of their obligation to inform FA of any modifications or restrictions that should be imposed on the management of the client's account. FA will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

As part of its portfolio management services, the firm may use one or more third-party money managers to manage a portion of your account on a discretionary basis. We will regularly

monitor the performance of your accounts managed by third-party manager(s) and may make retention decisions concerning any third-party manager(s) without your prior approval. Any fees paid to third-party managers are in addition to FA's fees.

Fees and Compensation

Fee Schedule

FA is compensated solely on a fee basis. FA's fee for services is an asset-based fee calculated as a percentage of the value of the managed assets, calculated according to the following fee schedule.

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$500,000	2.50%
\$500,001 to \$1,000,000	2.00%
\$1,000,001 to \$2,500,000	1.50%
\$2,500,001 to \$5,000,000	1.25%
\$5,000,001 to \$7,500,000	1.00%
Above \$7,500,000	Negotiated

Generally, the minimum account size is \$250,000.

The trading cost component of the above-mentioned advisory fees are estimated to range from \$250 to \$500 per account per year.

Asset-based fees are always subject to the investment advisory agreement between the client and FA. Such fees are payable quarterly in advance. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter.

Adjustments for significant contributions to a client's portfolio are prorated for the quarter in which the change occurs; no adjustments will be made for withdrawals.

The advisory fee and minimum account value are negotiable in certain instances and may vary based upon a number of factors, including but not limited to the size and nature of the assets in the client's account, the client's particular investment style or objective, and any particular services requested by the client.

These fees include charges for all transaction costs such as commissions on purchase and sales of stocks, bonds, exchange-traded funds and options, and mutual fund transactions fees. Except as otherwise provided below, client will incur no charges other than the adviser's fee pursuant to the above fee schedule in connection with the maintenance of and activity in client's account.

The wrap fee does not include private alternative investment fees and expenses, annual account fees or other administrative fees, such as wire fees, charged by manager or brokerage firm; fees for securities transactions executed away from the custodian; certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the client's account; and advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in client's account. The wrap fee also does not cover certain costs associated with securities transactions in

the over-the-counter market, such as fixed income securities where manager must approach a dealer or market maker to purchase or sell a security. Such costs include the dealer's mark-up, mark-down or spread and odd-lot differentials or transfer taxes imposed by law.

B. Disclosure of Cost Difference if Services Purchased Separately

Depending on a number of factors, such as the number, size and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis. Bundled fees generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transaction fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability. This creates a conflict of interest in that the firm has an economic incentive to place fewer trades for the client's account. The firm has policies and procedures in place to mitigate this conflict of interest and always act in the client's best interest.

C. Additional Client Fees and Terms of Payment

Client Payment of Fees

FA generally requires fees to be prepaid on a quarterly basis. FA will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian; (ii) the firm sends an invoice that shows the amount of the fee, how it was calculated, and the value of the assets on which the bill is based; and (iii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

A client investment advisory agreement may be canceled at any time by the client, or by FA with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded.

Additional Fees

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, and trade-away fees imposed by broker-dealers and custodians retained, if any. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as

further described in the mutual fund's prospectus. A client using FA may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Items 9.B.2 and 9.B.3) for additional information regarding the firm's brokerage practices.

D. Compensation for Recommending the FA Wrap Fee Program

The FA Wrap Fee Program is a proprietary product offered exclusively through FA. As such, there is a conflict of interest in that we economically disincentivized to trade your portfolio. The less we trade the more money we make, as our wrap fee includes trading costs.

E. External Compensation for the Sale of Securities to Clients

FA advisory professionals are compensated primarily through a percentage of revenue generated from advisory fees. FA's advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 9 for detailed information and conflicts of interest.

F. Important Disclosure – Custodian Investment Programs

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

Limitation on Mutual Fund Universe for Custodian Investment Programs: There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds: Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it

may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

Additional Disclosure Concerning Wrap Programs: To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

G. Client Assets Under Management

As of December 31, 2023, FA had \$306,767,401 of discretionary assets under management.

Item 5. Account Requirements and Types of Clients

FA offers its investment services to various types of clients including high-net-worth individuals, trusts, corporations, partnerships, retirement plans, tax exempt, public hospitals, municipalities, and other legal entities.

FA generally requires a minimum account size of \$250,000. FA, in its sole discretion, may waive the required minimum.

Item 6. Portfolio Manager Selection and Evaluation

A. Portfolio Manager Selection and Review

The firm is the sole sponsor and sole portfolio manager for the FA Wrap Fee Program.

B. Participation in Wrap Fee Programs

The FA Wrap Fee Program is the only wrap fee program that the firm participates in.

C. The Firm Acts as Both a Wrap Fee Sponsor and Portfolio Manager

The FA Wrap Fee Program is a proprietary product offered exclusively through the firm.

FA Wrap Fee Program

FA offers its portfolio management services exclusively on a wrap fee basis as a wrap program sponsor. Under our wrap program, you will receive investment advisory services and the execution of securities brokerage transactions for a single specified fee. Participation in a wrap program may cost you more or less than purchasing such services separately. We adhere to our fiduciary duty when trading in your accounts. Trades are made only on the basis of the account's stated investment objectives, and without concern to the firm's trading costs and firm's expenses.

Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be managed on the basis of the client's financial situation and investment objectives, and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

Performance-Based Fees and Side-by-Side Management

The firm does not charge performance-based fees nor engage in side-by-side management, and therefore has no economic incentive to manage clients' portfolios in any way other than what is in the clients' best interests.

Methods of Analysis, Investment Strategies and Risk of Loss

The methods of analysis may include fundamental and technical analysis; computer-based risk/return analysis; and statistical and/or computer models utilizing long-term economic criteria. FA may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

Key Tenets to Portfolios Managed by Focused Alpha

Tail Risk Management. Avoiding tail risks in the portfolio is the most important part of risk management. It allows us to protect the capital, and the goal of avoiding crippling loss when the market has multi-standard deviation moves to the downside. Avoiding downside tail risk hopefully allows us to protect capital and to live to fight another day.

Behavior Finance, Investing Using "ESP". Focused Alpha Portfolios are designed to avoid common behavior finance mistakes that can result in disastrous investment outcomes. The goal is to take the emotion out of the investment process and remove investment biases. This is hopefully accomplished by having well-defined rules about how the portfolio is built, how

the market is disengaged (cash raised), and how the market is reengaged. Focused Alpha employs an ESP approach to investing.

- *Emotion Free Investing.* For most individuals, their emotion is their worst enemy when it comes to investing. Typically when it feels the best, it's time to sell, and when it feels the worst it's time to buy. Focused Alpha goes into the battle with a plan that is well defined so we know how and when we should react to potentially improve the investment outcome.
- *Simple to Execute.* Changes and trades in the portfolio need to be executed in a timely manner and while not under duress. When the portfolio is overly complex, the ability to execute can be diminished due to liquidity, time, and behavior finance issues.
- *Process Driven.* The process or rules have to be well defined. This allows a roadmap for all market conditions, takes some of the investment biases, and emotion out of the decision-making process.

Focused Alpha Portfolios

FA and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, FA reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. FA may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.

Exchange-Traded Funds and Individual Securities

FA may recommend exchange-traded funds (ETFs) and individual securities (including fixed income instruments). FA uses ETFs to gain exposure to certain industry groups or asset classes in the core portfolio. The use of ETFs, which are low-cost and generally tax-efficient vehicles, plays a significant role in our ability to build asset allocation programs for our clients. In developing asset allocation programs for clients, FA generally uses the core or dividend portfolios in a separate account format as the large-cap centerpiece and then invests in ETFs to gain exposure to various other asset classes such as small- and mid-cap, international, emerging markets, or fixed income. For portfolios where the assets are not large enough to build a separate account portfolio of individual stocks or bonds, we use ETFs to build the portfolio asset allocation. FA generally has low portfolio turnover and manages the portfolios as tax efficiently as possible.

A description of the criteria to be used in formulating an investment recommendation in ETFs and individual securities (including fixed-income securities) is set forth below.

FA has formed relationships with third-party vendors that perform certain other administrative tasks. FA may utilize additional independent third parties to assist it in recommending and monitoring individual securities as appropriate under the circumstances.

Investment Strategy, Method of Analysis, Material Risks

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

Margin Leverage

Although the firm, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, the firm will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment.

Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a

disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

Short-Term Trading

Although the firm, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

Short Selling

The firm generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

Technical Trading Models

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

Option Strategies

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

FA as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

Covered Call Writing

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

Long Call Option Purchases

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss, including loss of the entire option premium (100% of your option investment).

Long Put Option Purchases

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss, including loss of the entire option premium (100% of your option investment).

Material Risks of Investment Instruments

FA may invest in open-end mutual funds and exchange-traded funds for the vast majority of its clients. In addition, for certain clients, FA may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Municipal securities
- U.S. government securities
- Corporate debt obligations

- Structured products
- Private placements
- Pooled investment vehicles
- Digital Assets

Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

Exchange-Traded Funds ("ETFs")

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs[®], DIAMONDSSM, NASDAQ 100 Index Tracking StockSM ("QQQsSM"), and iShares[®]. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF.

As a general business practice, the firm does not invest in ETFs that use leverage. To the extent the firm may utilize leveraged ETFs, please note the following: Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral. Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk.

Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF. Leveraged ETFs are only to be held for a very short period of time, generally a day or two. We strongly advise you carefully review the prospectus for additional risk and disclosure information.

Fixed Income Securities

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign), and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

Municipal Securities

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

U.S. Government Securities

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

Corporate Debt Obligations

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper, and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

Structured Products

Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive

benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investment in structured products includes significant risks, including valuation, liquidity, price, credit and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high investment grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

Private Placements

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

Pooled Investment Vehicles

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, the firm will be unable to monitor or verify the accuracy of such performance information.

Digital Assets

Digital assets (digital money, electronic money, or electronic currency) is a balance or a record stored in a distributed database on the Internet, in an electronic computer database, within digital files, or within a stored-value card. Examples of digital currencies include cryptocurrencies, virtual currencies, central bank digital currencies, and e-Cash. Digital currencies exhibit properties similar to other currencies, but do not have a physical form of banknotes and coins. Not having a physical form, they allow for nearly instantaneous transactions. Usually not issued by a governmental body, virtual currencies are not considered a legal tender and they enable ownership transfer across governmental borders. These types of currencies may be used to buy physical goods and services, but may also be restricted to certain communities such as for use inside an online game or use on a particular platform. One type of digital currency may be traded for another digital currency using arbitrage strategies and techniques.

Digital assets can either be centralized, where there is a central point of control over the money supply, or decentralized, where the control over the money supply can come from various sources.

Digital assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices have been extremely volatile. digital asset exchanges have been closed due to fraud, failure, or security breaches. Any of the clients' funds that reside on an exchange that shuts down may be lost.

Several factors may affect the price of digital assets, including, but not limited to, supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates, or future regulatory measures (if any) that restrict the trading of digital assets or the use of digital assets as a form of payment. There is no assurance that digital assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of digital asset payments by mainstream retail merchants and commercial businesses will continue to grow.

Concentration Risk

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

Proxy Voting

The firm does not take discretion with respect to voting proxies on behalf of its clients. The firm will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of the firm supervised and/or managed assets. In no event will the firm take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, the firm will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. The firm has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. The firm also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where the firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 7. Client Information Provided to Portfolio Managers

The firm is the sole portfolio manager in the FA Wrap Fee Program and does not share any personal information it collects from its clients other than as required by law or regulatory mandate. The firm may collect the following information in order to formulate its investment recommendations to clients:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets

- Analysis of the long-term global economic and political environments

Item 8. Client Contact with Portfolio Managers

The firm encourages communication with its clients and does not limit or condition the amount of time clients can spend with the firm's advisory professionals.

Item 9. Additional Information

A. Disciplinary and Other Financial Activities and Affiliations

Disciplinary

There are no current or pending disclosure items to report on behalf of the firm's advisors.

Other Financial Activities and Affiliations

Broker-Dealer or Representative Registration

Neither the firm nor its affiliates are registered broker-dealers and do not have an application to register pending.

Futures or Commodity Registration

Neither the firm nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Daniel Barotz is involved in the following business activities, to which he spends less than 10% of his time:

Tailored Catering Solutions dba OfficeFeeder: CO-Founder, Advisor, Board Member

- OfficeFeeder provides meal planning and delivery coordination for offices and events.
- FA may use the service; and recommend the service to its asset managers and wholesalers which could present a service in that FA could favor such asset managers and wholesalers in its recommendations to clients.

PackBack: Investor

- PackBack enables inquiry-based online discussion at scale. Using AI, the platform acts as a Digital TA to coach students to ask their open-ended questions, auto-moderate the discussion, and help instructors amplify the impact of their feedback.
- Please be advised that PackBack may be recommended to clients and such recommendations pose a conflict of interest in that the recommendation of PackBack may be viewed as being in the best interests of FA.

SMRxt: Investor

- SMRxt's medication adherence system, Nomi, captures data to reveal how patients take medication.
- Please be advised that SMRxt may be recommended to clients and such recommendations pose a conflict of interest in that the recommendation of SMRxt may be viewed as being in the best interests of FA.

Insurance Sales

- Daniel Barotz is a licensed insurance agent and may recommend insurance products offered by such carriers for whom he functions as an agent and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products of such carriers. Please also be advised that FA strives to put its clients' best interests first and foremost, and clients always have the right to decide whether to purchase insurance recommended by FA and to purchase insurance at the agency of their choosing.

Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

The firm does not receive any additional remuneration from advisers, investment managers, or other service providers that it recommends to clients. However, the firm may engage sub-advisers to manage FA client accounts.

B. Code of Ethics, Brokerage Trading Practices, Account Reviews, and Financial and Related Matters**Code of Ethics Description**

In accordance with the Advisers Act, the firm has adopted policies and procedures designed to detect and prevent insider trading. In addition, the firm has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of the firm. The firm will send clients a copy of its Code of Ethics upon written request.

The firm has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

The firm does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, the firm does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

The firm, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees raise conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which the firm specifically prohibits. The firm has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from frontrunning client transactions
- prohibit the advisor from receiving more favorable pricing on portfolio transactions when client and advisor are trading simultaneously.
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow the firm's procedures when purchasing or selling the same securities purchased or sold for the client.

Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

The firm, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other the firm clients. The firm will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of the firm to place the clients' interests above those of the firm and its employees.

Review of Accounts

Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Accounts are reviewed by FA's Manager. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than semi-

annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate. FA will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives, and tolerance for risk.

B.4.b. Review of Client Accounts on Non-Periodic Basis

The firm may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how the firm formulates investment advice.

Content of Client-Provided Reports and Frequency

FA reports to the client on an annual basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any invoices or reports created on behalf of the client by FA.

Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

The firm has an arrangement in place with non-affiliated insurance marketing firms to set up and market seminars. We are compensated through receipt of a percentage of fees generated as a result of attendees' purchase of products through the non-affiliated insurance firm. The receipt of such fees creates a conflict of interest in that we are economically incented to recommend the services of the insurance marketing firm because of the existence of a fee sharing arrangement.

Please be advised that as a result of this arrangement, your personal information may be shared for marketing purposes. You have the ability to limit the sharing of your personal information. In addition, your attendance at a seminar does not require you to complete an advisory agreement with us.

Advisory Firm Payments for Client Referrals

FA does not pay for client referrals.

Financial Information

Balance Sheet

FA does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

The firm does not have any financial issues that would impair its ability to provide services to clients.

Bankruptcy Petitions During the Past Ten Years

The firm has never been the subject of a bankruptcy petition.