

Firm Brochure

(Part 2A of Form ADV)

Empiritrage And Alpha Architect

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This brochure provides you with information about the qualifications, business practices and nature of advisory services of EMPIRITRAGE and ALPHA ARCHITECT, all of which should be considered before becoming an advisory Client of our firm. Please contact Carl Kanner, Managing Member, if you have any questions about this narrative brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

We are registered as an investment adviser. Nonetheless, registration with any state or federal regulatory division does not imply any level of skill or training. Additional information about our firm is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using a unique identifying number, known as a CRD number. Our firm's CRD number is 153905.

May 22, 2014

ITEM 2 MATERIAL CHANGES

ANNUAL UPDATE

This section of our brochure will reflect the annual update of any material changes that occur after issuance and delivery of our firm's brochure.

MATERIAL CHANGES SINCE THE LAST UPDATE

This brochure dated April 18, 2014 is our other than annual amendment and replaces the brochure dated January 10, 2014, which was the annual update. There are a number of material changes to report. We have eliminated our management of private funds and simplified our business model. We are also including disclosures concerning the registration of a related investment adviser, Empowered Funds, LLC, which will serve as the adviser to registered exchange traded funds.

Below is a list of material changes made since the last update:

Item 4.B.4. Deleted

Item 5. We eliminated language related to performance fees and clarified consulting service fees.

Item 6. We deleted language related to performance fees.

Item 7. We deleted language related to Private Funds.

Item 8. We modified the language related to our Methods of Analysis. We also added additional risk factors related to our investment strategies.

Item 10. Added note on affiliated investment adviser Alpha Architect, LLC and related advisor Empowered Funds, LLC, which will serve as the adviser to certain registered exchange traded funds.

Item 16. We have simplified the language.

Item 17. We have highlighted that we do not have discretionary authority to vote proxies.

Item 18. We have simplified the language.

Privacy Policy. We have simplified the language and made the privacy policy easier to read and understand.

FULL BROCHURE AVAILABLE

If you would like to receive a copy of our Firm Brochure, please contact us by telephone at 215-882-9983 or by email at compliance@alphaarchitect.com.

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ITEM 4 ADVISORY SERVICES

A. FIRM DESCRIPTION

Empirical Finance, LLC, doing business as, EMPIRITRAGE, (“EMPIRITRAGE” or “Firm”) is organized as a Pennsylvania limited liability company that was founded in 2010.

EMPIRITRAGE is an investment management firm that provides investment advisory and asset management services on a discretionary or non-discretionary basis by serving as investment manager to separately managed accounts and private placements. EMPIRITRAGE is also registered as a commodity trading advisor (CTA) with the National Futures Association (NFA). EMPIRITRAGE owns a 95% interest in Alpha Architect, LLC, an affiliated adviser of EMPIRITRAGE. EMPIRITRAGE also owns an 80% interest in Empowered Funds, LLC, a related advisor that will manage certain registered Exchange Traded Funds.

EMPIRITRAGE also provides general consulting services focused in the following areas:

- General quantitative analysis
- Asset allocation and portfolio optimization
- Hedging and arbitrage strategy analysis and implementation
- General computer programming as it relates to quantitative finance

Fees for consulting services are negotiated on a case by case basis depending on the parameters of the consulting engagement.

1. Principal Owners

The principal owners of our firm are Wesley R. Gray, David P. Foulke, John (Jack) Vogel, Tao Wang, Yang Xu, and Carlton H. Kanner. Wesley R. Gray, David P. Foulke, John Vogel, Tao Wang, and Carlton H. Kanner are Investment Adviser Representatives for the Firm.

B. TYPES OF ADVISORY SERVICES

1. *Portfolio Management Services*

EMPIRITRAGE provides discretionary portfolio management services to individuals, high-net-worth individuals, corporations and other business entities based on the specific needs and objectives of such persons. EMPIRITRAGE does not limit services to the type of clients we currently serve.

EMPIRITRAGE provides asset management services designed to offer suitable participants with portfolio construction and managed accounts with defined investment strategies to meet its Client’s investment goals and objectives. EMPIRITRAGE is responsible for providing ongoing re-balancing and continuous monitoring of our

Client's securities holdings. Our advice regarding constructing portfolios and managed accounts includes investing in listed and over-the counter Equities and Equity derivatives, Futures, Mutual Funds and Exchange Traded Funds (ETFs), Bonds, as well as use of Leverage and Naked Option Strategies.

2. Non-Discretionary Portfolio Management Services

EMPIRITRAGE provides non-discretionary portfolio management services to corporations, high-net-worth individuals and other business entities based on the specific needs and objectives of such persons. EMPIRITRAGE does not limit services to the type of clients we currently serve.

EMPIRITRAGE provides advice on portfolio construction and individual investments that meet the investment goals and objectives of the Client. EMPIRITRAGE is responsible for arranging the execution of these recommendations if the Client uses their discretionary authority to act on our advice. Our advice regarding constructing portfolios and managed accounts includes investing in listed and over-the counter Equities and Equity derivatives, Futures, Mutual Funds and Exchange Traded Funds (ETFs), Bonds, as well as use of Leverage and Naked Option Strategies.

3. Consulting Services

EMPIRITRAGE provides general consulting services focused in the following areas:

- General quantitative analysis
- Asset allocation and portfolio optimization
- Hedging and arbitrage strategy analysis and implementation
- General computer programming as it relates to quantitative finance

C. TAILORED SERVICES

The asset management services and separately managed advisory programs offered by EMPIRITRAGE are based on the individual needs of our Clients and the suitability of products and services. We make a thorough assessment of our Client's goals, objectives, investment horizon, and risk tolerance. Subject to any written guidelines, which the Client may provide, the Firm may be granted discretion and authority to manage the account.

Accordingly, EMPIRITRAGE is authorized to perform various functions, at the Client's expense, without further approval from the Client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. Once the portfolio is constructed, EMPIRITRAGE will provide continuous supervision and re-balancing of the portfolio as changes in market conditions and as Client circumstances may require.

Prior to engaging EMPIRITRAGE to provide any of the aforementioned investment advisory services, the Client will be required to enter into one or more written agreements with EMPIRITRAGE setting forth the terms and conditions under which EMPIRITRAGE shall render its services (collectively the "Agreement.").

At the beginning of the relationship, EMPIRITRAGE meets with the new Client, gathers information, performs research and analysis as necessary and then prepares an investment plan for the Client. Once the Client portfolio is constructed, EMPIRITRAGE will provide continuous supervision and re-balancing of the portfolio as changes in market conditions and as Client's circumstances may require. These objectives and other data are commonly revised or updated over time. In some instances, these changes are made in writing; in others, they are agreed to verbally.

Once the objectives and risk tolerance of a Client have been established, EMPIRITRAGE will develop and manage the investment portfolio on a discretionary basis. Under such an arrangement, EMPIRITRAGE has the authority to supervise and direct the portfolio without prior consultation with the Client. Accordingly, EMPIRITRAGE is authorized to perform various functions, at the Client's expense, without prior approval from the Client. Such functions include the determination of the securities to be purchased/sold.

Alternatively, EMPIRITRAGE may develop and manage the investment portfolio on a non-discretionary basis, whereby the Firm will make specific investment recommendations to a Client tailored to meet the needs and investment objectives of that specific Client. However, with non-discretionary portfolios, the Firm shall not initiate any orders to purchase or sell any securities (or specific securities) without the Client's approval.

Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without Client consent.

Clients are advised to promptly notify EMPIRITRAGE in writing if there are any material changes in their financial situation, investment objectives, or in the event they wish to alter any restrictions upon investment management services.

D. WRAP FEE PROGRAMS

EMPIRITRAGE is not a sponsor of any Wrap Fee Program(s).

E. ASSETS UNDER MANAGEMENT

The securities and other instruments in which EMPIRITRAGE may invest include, but are not limited to, exchange listed securities and over-the-counter securities. Generally, Empiritrage does not limit its investment advice to specific securities.

EMPIRITRAGE may employ cash positions as a possible hedge against market movements. EMPIRITRAGE may also sell positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of positions, change in risk tolerance of Client, or any risk deemed unacceptable for the Client's risk tolerance.

As of December 31, 2013, EMPIRITRAGE manages approximately \$149,202,249 in assets for twenty-nine (29) Clients. Approximately \$100,000,000 is managed on a non-discretionary basis, and \$49,202,249 is managed on a discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. ADVISORY FEES

Portfolio Management Services and Non-Discretionary Portfolio Management Services

Upon the Client's engagement of EMPIRITRAGE to provide portfolio management services, EMPIRITRAGE shall perform such services for an annual fee based on a percentage of Client assets under management (the "Management Fee").

Management Fee

The Management Fee will be exclusive of and in addition to brokerage commissions, transaction fees, and any other costs or expenses incurred by the Client and payable to Client's broker. EMPIRITRAGE will not receive any portion of these commissions, transaction fees, or other brokerage costs. The Management Fee will be calculated and charged on a monthly basis, in arrears, based upon the average asset value per month calculated at the end of each month, commencing on the last of the month that the Client account is funded. The Management Fee generally ranges between .25% to 1.95% per annum for separately managed accounts.

Under certain circumstances and at the sole discretion of EMPIRITRAGE, the Management Fee may be negotiated.

Consulting Services

Fees for consulting services are negotiated on a case by case basis depending on the parameters of the consulting engagement. Generally, the consulting fees typically consist of a fixed component and an hourly component that runs \$500.00 per hour.

Lower fees for comparable consulting services may be available from other sources.

B. BILLING PROCEDURES

Portfolio Management Services and Non-Discretionary Portfolio Management Services

Management Fee

Investment management fees are billed monthly, in arrears, meaning that we invoice Clients after the monthly billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated Client account to facilitate billing. Clients must consent in advance to direct debiting of their investment accounts.

EMPIRITRAGE reserves the right to waive or reduce management fees and to change how management fees are billed.

Consulting Services

Generally, consulting fees are invoiced to the Client on a monthly basis when Clients are billed on an hourly basis. If consulting services are based on a flat rate fee, the Client will be billed in two installments, with the first installment due upon acceptance and exercise of the consulting agreement. The second installment will be due upon completion of the consulting services.

C. OTHER FEES & EXPENSES

There may be additional fees or charges that result from the maintenance of our trading within your account. These fees are imposed by third parties in connection with investments made through your account. Any additional fees, charges or expenses resulting from maintenance of our trading within the account shall be the sole responsibility of the Client.

Clients may also incur certain charges imposed by third parties other than EMPIRITRAGE in connection with investments made through the Account, including but not limited to, no-load 12b-1 distribution fees; certain deferred sales charges on previously purchased mutual funds, and Maintenance fees and Retirement Plan fees.

D. REFUND POLICY

A Client may terminate the Investment Advisory Services Agreement for any reason at any time by notifying EMPIRITRAGE in writing. If the Client made an advance payment, EMPIRITRAGE will refund any unearned portion of the advance payment.

EMPIRITRAGE may terminate any of the Agreement at any time by notifying the Client in writing. If the Client made an advance payment, EMPIRITRAGE will refund any unearned portion of the advance payment.

Any fees assessed in advance by EMPIRITRAGE will be prorated to the date of the termination specified in the notice of termination and any unearned portion there will be refunded to Client.

E. OTHER COMPENSATION

In addition to the Management and Performance Fees, EMPIRITRAGE accepts fees for its consulting services. Fees for consulting services are negotiated on a case by case basis depending on the parameters of the consulting engagement.

ITEM 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We currently do not have performance fee arrangements.

ITEM 7 TYPES OF CLIENTS

A. DESCRIPTION

EMPIRITRAGE generally provides investment advisory services to high-net-worth individuals, corporations, and other business entities. Client relationships vary in scope and length.

B. ACCOUNT MINIMUMS

Generally, the minimum initial capital contribution for separately managed accounts is \$500,000. EMPIRITRAGE reserves the right to reduce the minimum initial capital contribution.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

A. METHODS OF ANALYSIS

EMPIRITRAGE utilizes a variety of investment strategies involving quantitative analysis. The main sources of information we use include, but are not limited to, in-house databases, financial newspapers and magazines, inspections of corporate activities, company press releases, and annual reports, prospectuses, and corporate filings with the SEC.

EMPIRITRAGE uses an objective, quantitative approach to identify securities whose market values differ materially from their fundamental value. We try to avoid unnecessary complexity. We always strive to keep things as simple as possible, but no simpler. We find it can be very hard to make things simple. We spend a lot of time understanding why a strategy works.

Our general process is as follows:

1. We start off by identifying behavioral bias.
2. We try and understand how that bias will manifest itself in stock prices.
3. We try and understand why other investors aren't taking advantage of the bias, or in academic jargon, we look for "limits to arbitrage."
4. Finally, we conduct a barrage of out of sample tests and distill our models down to the simplest components that effectively capture the effect we want to exploit.

B. INVESTMENT STRATEGIES

The investment objective of EMPIRITRAGE is to achieve superior risk-adjusted returns relative to an appropriate passive benchmark. To achieve its objective, EMPIRITRAGE will primarily take long and short positions in publicly traded equity securities. Our firm does not make a practice of recommending margin transactions or options writing strategies but will employ these strategies upon the request of our Clients. Short-term trading, short sales, margin transactions, and options writing generally hold greater

risk and Clients should be aware that when utilizing these strategies, there is an increased risk of loss of investment principal.

Although we have a variety of systematic investment strategies to choose from, we can implement a strategy a Client may have developed. The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time.

C. RISK OF LOSS

Notwithstanding the method of analysis or investment strategy employed by our firm, the assets within your portfolio are subject to risk of devaluation or loss. EMPIRITRAGE wants Clients to be aware that there are many different events that can affect the value of his assets or portfolio including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar will be worth more today than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Concentration Risk:** This is the risk that a portfolio concentrates investments in a limited number of issuers, or in issuers within the same economic sector, industry, or geographic location. The value of such concentrated portfolios may be particularly susceptible to adverse economic, business or political developments compared to more diversified portfolios.
- **Derivatives Risk:** An investment in derivatives may be illiquid, difficult to price, and subject to leverage, such that small changes in circumstances generate disproportionate losses to a portfolio. Because of the complexity of

derivatives, such investments may not perform as anticipated and returns/losses may be difficult to monitor.

- **Investment Company and Exchange-Traded Fund (“ETF”) Risks:** Investments in an investment company or ETF involve substantially similar risks to investments in the underlying securities of the company or ETF. Investment companies and ETFs may not achieve the intended investment objective, or may otherwise not execute the investment strategy effectively, which may adversely affect the value of a portfolio. ETFs include the added risk that they may no longer satisfy the listing standards of the exchange on which they are traded.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business’ operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Tax Risk:** Tax laws and regulations applicable to an account are subject to change, and unanticipated tax liabilities could be incurred by investors as a result of such changes. Investors should consult their own tax advisers and counsel to determine the potential tax-related consequences of investing.
- **Database Errors:** Our strategies rely on proprietary databases and third party data sources. As a result, any errors in the underlying data entry, database or the assumptions underlying the strategies may result in a portfolio acquiring or selling investments based on incorrect information. Additionally, data entry made by our internal team of financial analysts may contain errors, as may the database system used to store such data. When strategies and data prove to be incorrect, misleading, flawed or incomplete, any decisions made in reliance thereon expose our clients to potential risks. For example, by relying on our strategies and data, we may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty strategies and data may prove to be unsuccessful. As a result, the portfolio could incur losses on such investments before the errors are identified and corrected. We do not reimburse the portfolios or Clients for database errors.

- **Accuracy of Public Information Risk:** We select investments, in part, on the basis of information and data filed by issuers with various government regulators or made publicly available by the issuers or through publicly available sources other than the issuers. Although we evaluate this information and data, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

While this information provides a synopsis of the events that may affect your investments, this listing is not exhaustive. We want you to understand that there are inherent risks associated with investing and depending on the risk occurrence; you may suffer LOSS OF ALL OR PART OF YOUR PRINCIPAL INVESTMENT.

ITEM 9 DISCIPLINARY INFORMATION

The Firm and its employees have not been involved in legal or disciplinary events related to past or present investment Clients.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. FINANCIAL INDUSTRY ACTIVITIES

EMPIRITRAGE is not a registered broker-dealer, or a futures commission merchant. EMPIRITRAGE is a commodity trading advisor. Furthermore, none of EMPIRITRAGE's management or supervised persons is a registered representative or has an application pending to register as a representative of a broker-dealer.

B. FINANCIAL INDUSTRY AFFILIATIONS

EMPIRITRAGE is registered with the National Futures Association (NFA) as a Commodity Trading Adviser.

C. OTHER MATERIAL RELATIONSHIPS

EMPIRITRAGE owns a 95% interest in an affiliated investment advisory firm, Alpha Architect, LLC. EMPIRITRAGE also owns an 80% interest in a related investment advisory firm, Empowered Funds, LLC, which will serve as an adviser to certain registered exchange-traded-funds.

D. OTHER INVESTMENT ADVISERS

None.

ITEM 11

**CODE OF ETHICS, PARTICIPATION, OR INTEREST
IN CLIENT TRANSACTIONS AND PERSONAL
TRADING**

A. CODE OF ETHICS

All EMPIRITRAGE personnel must act in an ethical and professional manner. In view of the foregoing, EMPIRITRAGE has determined to adopt a Code of Ethics (the “Code”) to specify and prohibit certain types of transactions deemed to create conflicts of interest (or at least the potential for or the appearance of such a conflict), and to establish reporting requirements and enforcement procedures relating to personal trading by EMPIRITRAGE personnel. The Code was adopted to effectuate the purposes and objectives of Sections 204A and Section 206 of the Investment Advisers Act of 1940 (the “Advisers Act”) and Rule 204-2 under the Advisers Act. The Code, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. EMPIRITRAGE will provide a copy of its Code of Ethics to any Client or prospective Client upon request.

B. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

EMPIRITRAGE and its employees may recommend, or effect transactions in, securities which a related person may have material financial interest, subject to the strict conditions of EMPIRITRAGE’s Compliance Manual, including the Personal Trading and Code of Ethics provisions contained therein. EMPIRITRAGE specifically prohibits supervised persons from knowingly selling to or purchasing from a Client any security or other property, except securities issued by the Client.

C. PERSONAL TRADING

EMPIRITRAGE or a related person may from time to time purchase or sell for its own account securities recommended by EMPIRITRAGE for purchase and/or sale by Clients of EMPIRITRAGE. However, any purchase or sale of a security by EMPIRITRAGE or a related person will be subject to EMPIRITRAGE’s fiduciary duty to its Clients. Management and/or supervised persons are prohibited from “front-running,” that is, the purchase or sale of securities for their own or any Client’s account on the basis of their knowledge of a Client’s trading positions or planned trading positions.

EMPIRITRAGE and its employees have a fiduciary duty to place the interests of Clients ahead of their own interests. Records of all security transactions by EMPIRITRAGE and related persons will be maintained at EMPIRITRAGE’s office and will be available for inspection by Clients upon at least two business days prior notice. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, we will monitor our personal trading reports for adherence to our Code of Ethics.

A. SELECTION AND RECOMMENDATION

EMPIRITRAGE will select and recommend a broker-dealer or custodian that has the most favorable commission rate available for all of its Clients. EMPIRITRAGE shall generally recommend that its Clients open brokerage accounts with Interactive Brokers. However, Clients may choose any other broker for custody and trading of their account, and are responsible for negotiating fees and commissions schedules.

While EMPIRITRAGE will allow Clients to maintain accounts at any brokerage firm, it generally recommends that Clients establish brokerage accounts with Interactive Brokers. However, the ultimate choice of custodian/broker/dealer will be left to the discretion of the Client prior to entering into the Agreement. Where EMPIRITRAGE has discretion with respect to broker-dealer selection, EMPIRITRAGE will seek “best execution” for each trade, which is a combination of price, quality of execution and other factors.

In making brokerage determinations, EMPIRITRAGE will consider a number of judgmental factors, including, without limitation: 1) clearance and settlement capabilities; 2) quality of confirmations and account statements; 3) the ability of the broker to settle the trade promptly and accurately; 4) the financial standing, reputation and integrity of the broker-dealer; 5) the broker-dealer’s access to markets, research capabilities, market knowledge, and any “value added” characteristics; 6) EMPIRITRAGE’s past experience with the broker-dealer; 7) EMPIRITRAGE’s past experience with similar trades; and 8) any other factors. Recognizing the value of these factors, Clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. “Best execution” is not synonymous with lowest brokerage commission. Consequently, in a particular transaction EMPIRITRAGE may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction. However, EMPIRITRAGE has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees.

EMPIRITRAGE will periodically evaluate the performance of the brokers it uses and may change the brokers it uses from time to time.

1. SOFT DOLLAR BENEFITS

Consistent with the foregoing, EMPIRITRAGE may generate “soft dollars” from brokerage transactions to be used for “brokerage” or “research” services pursuant to the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

EMPIRITRAGE’s policy is not to accept “soft dollars” with respect to brokerage transactions.

2. BROKERAGE FOR CLIENT REFERRALS

EMPIRITRAGE does not receive Client referrals from broker-dealers or third parties in exchange for using that broker-dealer or third party.

2. DIRECTED BROKERAGE

As noted above, EMPIRITRAGE shall generally recommend that its Clients open brokerage accounts with Interactive Brokers.

However, Clients may choose any other broker for custody and trading of their account, and are responsible for negotiating fees and commissions schedules. If a Client directs brokerage, EMPIRITRAGE cannot negotiate commission rates; however, EMPIRITRAGE will use its best efforts to negotiate the most favorable rates based on the size and the anticipated trading activity in the account. In the event of directed brokerage, Clients may pay higher brokerage commissions than might otherwise be paid if EMPIRITRAGE were granted discretion to select a broker to hand the account. In addition, Clients may lose the benefits of potentially better executions available through bunched transactions of the recommended broker-dealer custodian.

B. ORDER AGGREGATION

When aggregating and allocating securities transactions, our Clients are treated in a fair and equitable manner. No account will be favored over any other accounts. All Clients participating in an aggregated order must be treated fairly. In the regular course of business, we may at times enter orders for multiple advisory accounts in order to obtain the best pricing averages and minimize trading costs for our Clients. Accordingly, our policies and procedures mandate allocating the orders to the appropriate Client accounts as soon as possible thereafter and allocating transactions equitably.

Allocation of executed trades must be fair and equitable. EMPIRITRAGE may not allocate trades in such a way that EMPIRITRAGE's personal, proprietary or affiliated accounts receive more favorable treatment than Clients' accounts. Similarly, EMPIRITRAGE may not allocate profitable trades at each day's end so as to disproportionately favor certain Clients without appropriate disclosure.

In making investment decisions for the accounts, securities considered for investment by one Client may also be appropriate for another Client. On occasions when the purchase or sale of a security is deemed to be in the best interest of more than one Client, EMPIRITRAGE may, but will not be obligated to, aggregate or "batch" orders for the purchase or sale of securities for all such accounts to the extent consistent with best execution and the terms of the relevant investment advisory agreements. Such combined or "batched" trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing transaction charges.

When EMPIRITRAGE decides to purchase or sell the same securities for several Clients at approximately the same time, EMPIRITRAGE is not required to aggregate such transactions, but will do so absent a determination by our Firm's Compliance Officer based on the best interests of EMPIRITRAGE's Clients. EMPIRITRAGE will aggregate and allocate orders only in a manner designed to ensure no Client or account is favored over others over time. EMPIRITRAGE believes that aggregation is consistent with EMPIRITRAGE's duty to seek best execution and best price for Clients and is consistent with EMPIRITRAGE's investment advisory agreements with each Client for which trades are being aggregated.

We have instructed our broker-dealer (custodian) to process our Clients' trades in the most cost effective manner while securing quality of execution. The Compliance Officer will review transactions periodically to prevent and detect excessive costs related to non-compliance with order aggregation procedures.

ITEM 13 REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

EMPIRITRAGE's criterion for reviewing Client accounts is as follows:

The day-to-day supervision of the accounts is the responsibility of the principals of EMPIRITRAGE. Each investment account is reviewed at least quarterly for compliance with policy, suitability of investments and customer investment objectives. Other factors that would trigger a more frequent review are material market events, changes in the Client's personal situation, or Client request.

B. INTERMITTENT REVIEW FACTORS

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in your financial status (such as retirement, termination of employment, relocation, or inheritance).

C. CLIENT REPORTS

Client performance reporting requirements are determined by the terms of the Agreement. In all cases, net performance is reported on a quarterly basis to separate account Clients.

Clients will receive statements from their broker-dealer. At a minimum, each Client will receive a monthly report from his broker-dealer that will include a statement of account holdings, market value, broker commissions, and advisory fees for the previous month.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. ECONOMIC BENEFITS FOR ADVISORY SERVICES RENDERED

EMPIRITRAGE does not receive and does not have any arrangement to receive economic benefits (such as sales awards or other prizes) from any third-party for providing investment advice or other advisory services to Clients.

B. COMPENSATION FOR CLIENT REFERRALS

EMPIRITRAGE does not compensate any third-party for Client referrals.

ITEM 15 **CUSTODY**

A. CUSTODIAN OF ASSETS

EMPIRITRAGE does not have direct custody of any Client funds or securities. Our firm has indirect custody of your funds and securities, also referred to as your portfolio assets, by virtue of our discretionary authority and the ability to deduct advisory fees payable to it. Our Client's assets are currently held by Interactive Brokers, TD Ameritrade, Goldman Sachs, and Credit Suisse, each of which is a broker-dealer (custodian) of portfolio assets. These broker-dealers maintain custody of Clients' assets at all times.

B. ACCOUNT STATEMENTS

Although we are the adviser to our Clients, Client statements will be mailed by the appropriate broker-dealer. When Clients receive these statements, they should review them carefully. Please compare asset values, holdings, and fees on the statement to those in our report of accounts.

ITEM 16 **INVESTMENT DISCRETION**

Generally, our clients retain us on a discretionary basis upon execution of a management agreement. We have discretionary authority with respect to the investment decisions on behalf of our clients pursuant to the management agreements. Investments for separately managed client accounts are managed in accordance with each client's stated investment objectives, strategies restrictions and guidelines.

ITEM 17 **VOTING CLIENT SECURITIES**

We do not have discretionary authority to vote any proxy with respect to any security held in Client portfolios.

ITEM 18 **FINANCIAL INFORMATION**

A. BALANCE SHEET REQUIREMENT

EMPIRITRAGE does not require or solicit prepayment of fees six month or more in advance.

B. FINANCIAL CONDITION

The firm does not have any financial impairment that will preclude it from meeting contractual commitments to Clients.

C. BANKRUPTCY PETITION

The Firm has not been the subject of a bankruptcy petition at any time during the last 10 years.

APPENDIX PRIVACY POLICY

EMPIRITRAGE is strongly committed to preserving and safeguarding our clients' personal financial information. Confidentiality is extremely important to both us and our clients, and we therefore take strict measures to protect the confidentiality and security of our clients' personal information.

Personal Information

To provide financial planning and investment services, we collect nonpublic personal information from our clients. The categories of nonpublic personal information collected from a client depend upon the scope of the client engagement. It may include information about the client's personal finances, information about transactions between the client and third parties, information from custodians, banks, or other financial institutions, information from the client's other advisors, and information collected from written or verbal communications with the client. We do not disclose any of our clients' personal information to anyone except as permitted or required by law. We do not disclose any of our clients' personal information to affiliated or nonaffiliated third parties (such as our clients' other professional and/or service providers) without our clients' authorization and consent and only for the purpose of providing services on our clients' behalf. Federal law allows you the right to limit the sharing of your NPI by "opting-out" of the following: sharing for affiliates' everyday business purposes – information about your creditworthiness or sharing with non-affiliates to market to you. State laws and individual companies may give you additional rights to limit sharing. Please notify us immediately at our address or telephone number if you choose to opt out of these types of sharing.

Security

EMPIRITRAGE has instituted certain technical, administrative and physical safeguards through which EMPIRITRAGE seeks to protect personal information about current and former clients from unauthorized use and access. First, technical procedures are used in order to limit the accessibility and exposure of client information contained in electronic form. Second, administrative procedures are used in order to control the number and type of employees, affiliated and nonaffiliated persons, to whom customer information is accessible. Third, physical safeguards have been established to prevent access to client

information contained in hard-copy form. As these procedures illustrate, EMPIRITRAGE realizes the importance of information confidentiality and security, and emphasizes practices which are aimed at achieving those goals.

Questions

EMPIRITRAGE welcomes questions and comments about our Privacy Policy. Please call us at +1.215.882.9983.