

Syntal Capital Partners, LLC

ADV Part 2A, Firm Brochure

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This brochure provides information about the qualifications and business practices of Syntal Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (432) 262-8111 or Robert.Carlyon@syntal.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.

Additional information about Syntal Capital Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

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

Item 2 Material Changes

Since last year's Annual Amendment filing on March 31, 2017, this brochure has been materially amended at Item 17 to reflect that the firm no longer votes client proxies.

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Item 4 Advisory Business

- A. Syntal Capital Partners, LLC (“the Registrant”) is a limited liability company formed on February 27, 2012 in the State of Texas. It has been a registered investment adviser with the Securities and Exchange Commission since April 13, 2012. The Registrant is principally owned by Chad Clary, CIMA[®] and Dane Crunk., CFP[®], CIMA[®]. Messrs. Clary and Crunk are the Registrant’s Co-Managing Members.
- B. As discussed below, the Registrant offers to its clients investment advisory services, which do not include financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can engage the Registrant to provide discretionary investment advisory services on a wrap *fee* basis. (See discussion below). If a client engages the Registrant on a wrap fee basis, the client will pay a single fee for investment advisory services, brokerage and custody, inclusive of commission and transactions costs. The services included in a wrap fee agreement will depend upon each client’s particular need.

Before engaging the Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with the Registrant setting forth the terms and conditions of the engagement.

Registrant’s annual investment advisory fee shall include investment advisory service and do not include financial planning and consulting services. In the event that the client requires planning or consulting services, the client may request the Registrant to perform such additional services pursuant to a stand-alone *Consulting Services and Financial Planning Agreement* (see below).

To begin the investment advisory process, an investment adviser representative will first determine each client’s investment objectives and then invest client’s assets consistent with their investment objectives. Once invested, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to the client’s investment objectives and may periodically rebalance an account based upon these reviews. As appropriate in accordance with the client’s investment objectives, the Registrant primarily invests or recommends that client invest in: various independent investment managers, mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities, options, securities components of variable annuities and variable life insurance contracts.

Syntal Capital Partners Wrap Program

The Registrant provides investment advisory services on a wrap fee basis in accordance with the Registrant's investment advisory wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to the Program are discussed in the Wrap Fee Program Brochure, which is presented to all prospective Program participants. Under the Program, the Registrant offers participants discretionary investment advisory services and certain non-discretionary advisory services for legacy clients for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment advisory fees. Fidelity Brokerage Services, LLC member NYSE/SIPC ("*Fidelity*") or Pershing, LLC ("*Pershing*") shall serve as the custodian for Program accounts. However, certain of the Registrant's legacy clients still may have agreements in place with the Registrant for advisory services on a non-discretionary wrap-fee basis.

As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Registrant for participation in the Program may be higher or lower than fees charged by other sponsors of comparable wrap fee programs. Because wrap program transaction fees and/or commissions are paid by Registrant to the account custodian/broker-dealer, the Registrant has an economic incentive to minimize the number of trades in the client's account. *See* separate Wrap Fee Program Brochure for additional information on this conflict of interest and how the Registrant mitigates this conflict of interest. **Our Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.**

CONSULTING SERVICES AND FINANCIAL PLANNING (STAND-ALONE)

The Registrant may provide consulting services and/or financial planning (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on either an hourly basis or a stand-alone separate fee basis. Before engaging the Registrant to provide stand-alone planning or consulting services, clients are required to enter into a separate *Consulting Services and Financial Planning Agreement* with Registrant setting forth the terms and conditions of the engagement. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including certain of the Registrant's investment adviser representatives in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments ("*PKS*") and/or as licensed insurance agents. (See disclosure at Item 10.C). The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any recommended professional, and a dispute arises thereafter, the client agrees to seek recourse exclusively from the engaged professional. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. If requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate, tax and insurance planning. Neither the Registrant, nor any of its representatives, serves as an attorney or an accountant and no portion of the Registrant's services should be viewed as legal or accounting services. Accordingly, Registrant does not prepare estate planning documents or tax returns. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents), including certain of the Registrant's investment adviser representatives in their separate registered or licensed capacities as discussed below. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any recommended professional, and a dispute arises thereafter, the client agrees to seek recourse exclusively from the engaged professional. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

Affiliated Private Funds. The Registrant is affiliated with the Avalon Hedged Equity Fund, LP and Wolfcamp Credit Fund I, LP, each a private investment fund (the "Funds"). The Registrant, on a non-discretionary basis, may recommend that certain qualified clients consider investment in the Funds. Registrant's clients are under absolutely no obligation to consider or make an investment in the Funds.

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

Because the Registrant and/or its affiliates may earn compensation from the Funds (both management fees and incentive compensation) that may exceed the fee that the Registrant would earn under its standard asset based fee schedule referenced in Item 5 below, the recommendation that a client become an investor presents a conflict of interest. The Registrant waives its advisory fee for investments made by clients into either Fund and investors in each Fund are responsible for the payment of management fees disclosed in the Fund's offering documents. No client is under any obligation to become an investor in either Fund. **The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions regarding this conflict of interest.**

Inverse/Enhanced Market Strategies. The Registrant may use leveraged or inverse ETFs. Leveraged ETFs are securities that attempt to replicate multiples of the performance of an underlying financial index. Inverse ETFs are designed to replicate the opposite direction of these same indices, often at a multiple. These ETFs often use a

combination of futures, swaps, short sales, and other derivatives to achieve these objectives. Most leveraged and inverse-leveraged ETFs are designed to achieve these results on a daily basis only. This means that over periods longer than a trading day, the value of these ETFs can and usually does deviate from the performance of the index they are designed to track. Over longer periods of time or in situations of high volatility, these deviations can be substantial. There can be no assurance that any such security will be profitable or achieve its objective. In light of these enhanced risks, a client may direct the Registrant, in writing, not to employ any or all leveraged or inverse ETFs.

Please Note: Cash Positions. At any time and for a substantial length of time we may hold a significant portion of a client's assets in cash or money market mutual funds. Investments in these assets may cause a client to miss out on upswings in the markets. Unless we expressly agree otherwise in writing, account assets consisting of cash and money market mutual funds are included as part of assets under management for purposes of calculating the Registrant's advisory fee. **The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

Independent Managers. The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("*Independent Manager(s)*") in accordance with the client's designated investment objective(s). Some or all of such *Independent Manager(s)* may be exclusively available through certain turnkey asset management platforms ("TAMPS"). In such situations, the *Independent Manager(s)* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager(s)* include the client's designated investment objective(s), and the Independent Manager's management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the *Independent Manager[s]*, as well as the platform access fees charged by certain TAMPS, are separate from, and in addition to, Registrant's advisory fee as set forth in the fee schedule at Item 5 below. These investment management fees charged by Independent Managers and platform access fees charged by TAMPS are typically calculated based on the notional value of the client's account, and not in the same manner that the Registrant calculates its advisory fees.

Non-Discretionary Service Limitations. Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining the client's consent. For instance, although the firm does not recommend market timing as an investment strategy, in the event of a market correction event where the firm cannot reach the client, a client may suffer investment losses or miss potential investment gains.

Use of Mutual and Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. A prospective client or client could obtain many of the funds that may be used by Registrant independent of engaging Registrant as an investment adviser. However, if a prospective client or client determines to do so, they will not receive the Registrant's initial and ongoing investment advisory services. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are

generally only available through selected investment advisers. Registrant may use DFA mutual funds. Therefore, upon the termination of Registrant's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

RETIREMENT ROLLOVERS. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn an advisory fee on the rolled over assets. To the extent that Registrant recommends that clients roll over assets from their retirement plan to an IRA managed by Registrant, then Registrant represents that it and its investment adviser representatives are fiduciaries under the Employment Retirement Income Security Act of 1974 ("ERISA"), or the Internal Revenue Code, or both. **No client is under any obligation to rollover retirement plan assets to an account managed by Registrant. Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by a rollover recommendation.**

ERISA / IRC Fiduciary Acknowledgment. If the client is: (i) a participant or beneficiary of a Plan subject to Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (ii) the beneficial owner of an IRA acting on behalf of the IRA; or (iii) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then Registrant represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

Client Obligations. The Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will determine each client's investment objectives. Once invested, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to the client's investment objectives and may periodically rebalance an account based upon these reviews. The client may impose reasonable restrictions, in writing, on the Registrant's services.

- D. The Registrant does not manage any non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for investment advisory services, brokerage services and custody, inclusive of commission and transaction costs (See Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. When managing a client's account on a wrap fee basis, the Registrant receives as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.
- E. As of December 31, 2017, the Registrant had approximately \$695,345,138 in assets under management on a discretionary basis and \$51,937,033 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a wrap *fee* basis. However, certain of the Registrant's legacy clients are still invested on a non-discretionary wrap fee basis. The Registrant's annual investment advisory fee does not include consulting and financial planning services. Clients can engage the Registrant to perform these additional services and the dollar amount charged for these services will be included in a separate written notice to the client.

INVESTMENT ADVISORY SERVICES

Syntal Capital Partners Wrap Program

The terms and conditions of the Program are located in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, the Registrant offers participants discretionary investment advisory services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment advisory fees. The Registrant charges an annual wrap fee for participation in the Program. The wrap fee is charged as a percentage of assets under management, on a non-graduated basis, as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
Accounts valued \$5,000,000 and below	Up to 2.00%
Accounts valued between \$5,000,000 and \$10,000,000	Up to 1.65%
Accounts valued between \$10,000,000 and \$24,999,999	Up to 1.40%
Accounts valued at \$25,000,000	Up to 1.25%
Accounts valued in excess of \$25,000,000	Negotiable

The Registrant's investment advisory fee is negotiable at Registrant's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with the Registrant and/or its representatives, and negotiations with the client. Similarly situated clients could pay different fees based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition,

negotiations with client, etc.). In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

CONSULTING SERVICES AND FINANCIAL PLANNING (STAND-ALONE)

The Registrant may provide consulting or financial planning services (on investment and non-investment related matters, including estate planning or insurance planning) on a stand-alone fee basis. Registrant's consulting and planning fees are negotiable and the Registrant may be engaged on a fixed fee or hourly basis, but its hourly fees generally range from \$150 to \$500, depending upon the level and scope of the services required and the professionals rendering the services.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Registrant's *Wrap Fee Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that *Fidelity* or *Pershing* serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers such as *Fidelity* and *Pershing* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain mutual funds, commissions are charged for individual equity transactions, and mark-ups and mark-downs are charged for fixed income transactions). Advisory clients who choose to engage the Registrant on a wrap-fee basis will not incur transaction fees and commissions in addition to the Registrant's wrap-fee. However, all client accounts may invest in mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by the Registrant.
- D. Registrant's annual investment advisory fee is prorated and paid quarterly, in advance, based upon the average daily balance of the client's account during the previous quarter. The Registrant does not require any minimum annual fee for investment advisory services. The *Wrap Fee Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Wrap Fee Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.
- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant's representatives, in their individual capacities, as registered representatives of Purshe Kaplan Sterling Investments ("PKS"), a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through PKS, PKS will charge brokerage commissions to effect securities transactions, a portion of which commissions PKS shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. In addition, PKS, as well as Registrant's Representatives, relative to commission mutual fund purchases, may also receive additional ongoing Rule 12b-1 fees directly from the

mutual fund company during the period that the client maintains a mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *PKS* presents a **conflict of interest**, as the receipt of commissions provides an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees, except with respect to a performance allocation that the Registrant is eligible to earn as a result of its management of the Funds.

A conflict of interest exists because the Registrant generally charges advisory clients an asset-based fee for the advisory services it provides, but the Registrant (or its affiliates) are entitled to receive performance-based fees or allocations from the Funds. As a result, we have an incentive to recommend that an advisory client invest in the Funds, as opposed to holding assets only in separate accounts and allocating those assets to investments where the Registrant (or its affiliates) would not be entitled to receive performance-based fees or allocations. We also have an incentive to offer investments that we believe will be more profitable than others to the Funds in order to earn more compensation. We seek to address these conflicts of interest by emphasizing our duty to place the interests of our clients first. In addition, the performance of the Funds does not drive the compensation structure of our representatives, though certain representatives who have an equity interest in the Registrant will derive indirect benefits from performance-based fees or allocations received by the Registrant (or its affiliates).

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, high net worth individuals, the Funds, pension and profit sharing plans, charitable organizations, and corporations or other businesses.

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

A. The Registrant may use any combination of the following when analyzing securities or third party managers:

- Research
 - i. The Registrant's research processes includes public, private and proprietary information
 - ii. Quantitative market analysis using proprietary models
 - iii. Reviewing third party fundamental & macro analysis
 - iv. Investment committee reviews academic research papers
 - v. Technical research following price momentum and trade volume
 - vi. Formulating views and opinions around economic and geopolitical developments
- Strategy Development & Implementation
 - i. Identify preferable investment space in the market
 - ii. Focus on styles and market segments where the dispersion between managers is significant – hire active managers for these pieces
 - iii. Where the dispersion between managers is minimal, allocate funds to passive managers
 - iv. Proprietary strategies are also managed next to external managers
 - v. Quantitative risk signal determines the process and timeline of implementation of client funds
- Risk Management
 - i. Quarterly review of external managers based on performance and investment mandate
 - ii. Disciplined risk budgeting and position size management for proprietary strategies
 - iii. Investment committee reviews market themes and risk factors weekly and reserves the right to override fund allocations in extreme markets

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

- Long Term Purchases – securities purchased with the intention of being held for at least a year;
- Short Term Purchases – securities purchased with the intention of being sold within a year;
- Trading – securities purchased with the intention of being sold within thirty (30) days; and
- Derivatives – the use of swaps, forwards, futures, options on futures and other options

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it

should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s). Investors generally 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 may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
 - Inflation Risk – When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
 - 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.
 - 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.
- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

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

day investment time period involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Risks Associated with the Use of Derivatives. Certain of the ETFs and mutual funds the Registrant recommends or purchases on a discretionary basis for client accounts may use derivatives. Such strategies may be considered aggressive. Investing in derivatives may expose the clients to greater risks than investing directly in the reference asset(s) underlying those derivatives, such as counterparty risk, liquidity risk and increased correlation risk (each as discussed below). When the recommended funds use derivatives, there may be imperfect correlation between the value of the reference asset(s) and the derivative, which may prevent the funds from achieving their investment objective. The funds may use a combination of swaps on an index (such as the Dow Jones US Health Care Index) and swaps on an ETF that is designed to track the performance of an index. The performance of the funds may not track the performance of an index due to embedded costs and other factors. Thus, to the extent the funds invests in swaps that use an ETF as the reference asset, these funds may be subject to greater correlation risk and may not achieve as high a degree of correlation with an index as it would if the funds only used swaps on an index. In addition, with respect to the use of swap agreements, if an index has a dramatic intraday move that causes a material decline in the funds' net assets, the terms of a swap agreement between the funds and its counterparty may permit the counterparty to immediately close out the transaction with the funds. In that event, the funds may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with the funds' investment objective. This, in turn, may prevent the funds from achieving their investment objective, even if an index reverses all or a portion of its intraday move by the end of the day. Any financing, borrowing and other costs associated with using derivatives may also have the effect of lowering the funds' return.

Leverage Risk. Certain of the funds recommended by the Registrant attempt to obtain investment exposure in excess of its assets in seeking to achieve their investment objectives—a form of leverage—and will lose more money in market environments adverse to its daily objective than a similar fund that does not employ such leverage. The use of such leverage could result in the total loss of an investor's investment.

Compounding Risk. The Registrant may recommend or invest certain clients in leveraged ETFs. As a result of mathematical compounding and because particular ETFs may have a single day investment objective, the ETF's performance for periods greater than a single day is likely to be either greater than or less than the Index it may be tracking for performance times the stated multiple in the ETF's objective, before accounting for fees and ETF expenses. Compounding affects all investments, but has a more significant impact on a leveraged fund. Particularly during periods of higher volatility, compounding will cause longer term results to vary from the stated multiple in the ETF objective (e.g. 2x) of the return of the Index. This effect becomes more pronounced as volatility increases. ETF performance for periods greater than a single day can be estimated given any set of assumptions for the following factors: (a) Index performance; (b) Index volatility; (c) period of time; (d) financing rates associated with inverse exposure; (e) other fund expenses; and (f) dividends or interest paid with respect to securities in the Index.

- C. As appropriate in accordance with the client's investment objectives, the Registrant currently invests client assets among various independent investment managers, mutual funds, ETFs, individual debt and equity securities, derivatives, securities components of variable annuities and variable life insurance contracts.

As disclosed above, the Registrant may use leveraged or inverse ETFs. Leveraged ETFs are securities that attempt to replicate multiples of the performance of an underlying financial index. Inverse ETFs are designed to replicate the opposite direction of these same indices, often at a multiple. These ETFs often use a combination of futures, swaps, short sales, and other derivatives to achieve these objectives. Most leveraged and inverse-leveraged ETFs are designed to achieve these results on a daily basis only. This means that over periods longer than a trading day, the value of these ETFs can and usually does deviate from the performance of the index they are designed to track. Over longer periods of time or in situations of high volatility, these deviations can be substantial. There can be no assurance that any such security will be profitable or achieve its objective. In light of these enhanced risks, a client may direct the Registrant, in writing, not to employ any or all leveraged or inverse ETFs.

Finally, Registrant may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its ETF and mutual fund and asset allocation programs (i.e. Aggressive, Moderately Aggressive, Moderate, and Conservative).

Item 9 Disciplinary Information

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

Item 10 Other Financial Industry Activities and Affiliations

- A. **Broker Dealer.** As disclosed above in Item 5.E, certain of Registrant's representatives are registered representatives of *PKS*, a FINRA member broker-dealer. Clients can choose to engage Registrant's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.
- B. The Registrant is registered with the U.S. Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator. The Registrant is also a member of the National Futures Association (the "NFA"). The NFA and CFTC each administer a comparable regulatory system covering futures contracts, swaps and various other financial instruments in which certain clients and pooled vehicles may invest.

The Registrant maintains a notice of claim for exemption pursuant to CFTC Rule 4.7. Rule 4.7 exempts a commodity trading advisor and a commodity pool operator that files a notice of claim for exemption from having to provide a CFTC-mandated Disclosure Document to certain highly accredited clients known as Qualified Eligible Participants ("QEPs") who consent to their accounts being Rule 4.7-exempt QEP accounts. Accordingly, the Registrant is exempt from the requirement to provide a Disclosure Document with respect to its Rule 4.7-exempt QEP accounts. In accordance with Rule 4.7, the Registrant must prominently display the following CFTC-specified disclosure statement in this Brochure.

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS BROCHURE IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMODITY FUTURES TRADING COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR BROCHURE.

In addition, certain of the Registrant's management persons are registered with the NFA as Associated Persons as appropriate to perform their responsibilities

- C. **Registered Representatives of a Broker Dealer.** As disclosed above, certain of Registrant's representatives are, in a separate and independent capacity, registered representatives of *PKS*, a FINRA member broker-dealer. Therefore, clients can choose to engage Registrant's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis. Clients and prospective clients should review the disclosures and associated conflicts of interest above in Item 5.E.

Licensed Insurance Agents. Certain of the Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis.

Conflict of Interest: The recommendation by Registrant's representatives that a client purchase an insurance product presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from the Registrant's representatives. Clients are reminded that they may purchase insurance products through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Robert Carlyon, or any other Executive Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Affiliated Private Funds. As disclosed above in Item 4, the Registrant is associated with two affiliated private funds. For a complete description of this relationship and the conflicts of interest it poses, clients and prospective clients should review the disclosures and associated conflicts of interest disclosed in Items 4 and 6.

- D. Registrant and its representatives may refer clients to Deutsche Bank Trust Company Americas, a bank ("DBTCA"), Deutsche Bank National Trust Company, a trust company ("DBNTC") and Deutsche Bank Trust Company, National Association, a trust company ("DBTCNA" and together with DBTCA and DBNTC, "DB Private Bank") and/or BlackRock, Inc. ("BlackRock") and/or Reich & Tang Asset Management, LLC ("RTAM"), and/or Stable Custody Group ("SCG"), a subsidiary of Reich & Tang Deposit Solutions, LLC, and/or Dynasty Financial Partners ("DFP") (collectively a "Receiving Party"). The Registrant may refer clients to a Receiving Party to evaluate

the possibility of opening investment advisory, custody, and trust accounts, entering into lending transactions, investing in mutual funds and private investment funds, opening money market insured savings account and entering into other types of investment transactions where such would be consistent with those clients' needs and objectives. Registrant may receive from DB Private Bank and/or BlackRock a percentage of the gross revenues before taxes received by the banking division of DB Private Bank and/or BlackRock generated by the client. Specifically, the Registrant may receive fifteen percent (15%) of revenues generated by fees paid from referred clients to DB Private Bank. The Registrant may receive up to five basis points of revenues generated by BlackRock for clients referred to BlackRock for various services. Registrant shall share in interest income from bank deposits, i.e., checking accounts savings accounts, certificates of deposit, money market accounts. In addition Registrant may receive custody fees, excluding any commissions or credits related to the execution of the transaction(s) for accounts opened with DB Private Bank's and/or BlackRock's custody department. The Registrant may share in revenue on all loans (excluding mortgages) and capital markets transactions to be agreed upon on a case by case basis. In addition, the Registrant may receive compensation for demand deposit accounts that are opened through RTAM and/or SCG. In this relationship, Dynasty Network Advisors may receive compensation directly from revenues generated by the Demand Deposit MarketplaceSM Program. Dynasty Network Advisors will then pay the Registrant fifty percent of revenues that it receives from SCG.

Conflict of Interest: The recommendation by Registrant's representatives that a client choose a Receiving Party's products or services presents a **conflict of interest**, as the receipt of commissions, interests, or revenues may provide an incentive to recommend services or products based on compensation received, rather than on a particular client's need. No client is under any obligation to purchase any products or services from the Registrant's representatives or from any Receiving Party. Clients are reminded that they may purchase or select other products or services recommended by the Registrant through other, non-affiliated agents or entities or parties in which the Registrant does not stand to receive any additional benefit. **The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the conflicts of interest these arrangements create.**

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

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

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

- B. Except for the Registrant's affiliate private funds, neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which

the Registrant or any related person of Registrant has a material financial interest. However, the affiliated private funds allow the Registrant and associated persons to earn compensation in excess of what they stand to earn under a separately managed account as a result of incentive allocations. For a complete description about the incentive allocation and the conflicts of interest they create, please see Item 6 above and the Funds' partnership agreements and private placement memorandums.

- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons.” The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

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

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment advisory accounts be maintained at *Fidelity* and/or *Pershing*. Prior to engaging Registrant to provide investment advisory services, the client will be required to enter into a formal *Wrap Fee Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Fidelity* and/or *Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant’s clients shall comply with the Registrant’s duty to seek best execution, a client may pay a

commission that is higher than another qualified broker–dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker–dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker–dealer/custodian are exclusive of, and in addition to, Registrant’s investment advisory fee. The Registrant’s best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Non-Soft Dollar Research and Additional Benefits.

Registrant receives from *Fidelity* and/or *Pershing* (and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors) free or discounted support services and products. Certain of these products and services assist the Registrant to better monitor and service client accounts maintained at these institutions. The support services that Registrant obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by Registrant to further its investment management business operations.

Certain of the support services or products received may assist the Registrant in managing and administering client accounts. Others do not directly provide this assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant’s clients do not pay more for investment transactions effected or assets maintained at *Fidelity* and/or *Pershing* or other broker-dealers and custodians because of these arrangements. There is no corresponding commitment made by the Registrant to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements.

Registrant has also received from *Pershing*, certain additional economic benefits (“Additional Benefits”) that may or may not be offered to the Registrant again in the future. Specifically, the Additional Benefits include partial payment for certain marketing and/or technology expenses for the benefit of the Registrant. The agreement in place between Registrant and *Pershing* with respect to these Additional Benefits states that *Pershing* will provide up to \$100,000 over a two-year period beginning on August 25, 2018, for any approved expenses. Each payment is non-recurring and individually negotiated, with all payments being directed to approved vendor providers and other services approved by *Pershing*. All payments are made directly to the third party vendor, and not Registrant. *Pershing*’s provision of these Additional Benefits may be terminated if assets held with *Pershing* drop below \$200 million. *Pershing* provides the Additional Benefits to Registrant in its sole discretion and at its own expense, and neither the Registrant nor its clients pay any fees to *Pershing* for the Additional Benefits. The Registrant’s receipt of Additional Services

raises conflicts of interest. In providing Additional Services to the Registrant, *Pershing* most likely considers the amount and profitability to *Pershing* of the assets in, and fees generated by, the Registrant's client accounts maintained with *Pershing*. *Pershing* has the right to terminate the Additional Services agreement with the Registrant, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from *Pershing*, the Registrant has an incentive to recommend to its clients that their assets be held in custody with *Pershing*. The Registrant's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including its duty to seek best execution of trades for client accounts.

The Registrant's Chief Compliance Officer, Robert Carlyon remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflicts of interest such arrangements create.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance

The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. In addition, the Registrant has adopted a trade rotation policy to provide a fair method of trade rotation in placing trades for all "bunched" trades for clients' accounts. To meet this objective, the Registrant maintains

procedures to rotate bunched orders between Fidelity and Pershing. The Registrant shall not receive any additional compensation or remuneration as a result of order aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment advisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals. In addition, Registrant contacts investment advisory clients at least annually to review previous services, recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. All clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation.
- B. The Registrant may also conduct account reviews on an other-than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian, at least quarterly. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. Clients and prospective clients should review Item 12.A.1 above for a discussion on the economic benefits that Registrant receives from *Fidelity* and *Pershing*. Clients and prospective clients should also review Item 10.D for information about parties that the Registrant may refer clients to and additional compensation that the Registrant may receive from these parties.
- B. The Registrant does not compensate individuals or entities for prospective client introductions.

Item 15 Custody

Registrant shall have the ability to deduct its advisory fee from the client's *custodial* account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian, at least quarterly. To the extent that Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Registrant with the account statements received from the account custodian. The account custodian does not verify the accuracy of Registrant's advisory fee calculation.

The Registrant also maintains other relationships where it is deemed to have "custody" over client's cash and securities and such relationships are disclosed in Form ADV Part 1A at Item 9.

Item 16 Investment Discretion

The client may engage the Registrant to provide investment advisory services on a discretionary basis. Before the Registrant may assume discretionary authority over a client's account, the client is required to execute an *Wrap Fee Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

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

Item 18 Financial Information

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

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