



# Form ADV Part2A Brochure

## Quartz Partners, LLC

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This Part 2A of Form ADV: Firm Brochure ("Brochure") provides information about the qualifications and business practices of Quartz Partners, LLC ("Quartz"). If you have any questions about the contents of this Brochure or would like to receive a copy at no charge, please contact us via mail or phone. Additionally, the most current version of this Brochure is available on our website. The information contained in this Brochure, our qualifications and registration have not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any government agency. Quartz's use of the term "registered investment adviser" or being "registered" with the SEC, any state securities authority or self regulatory organization does not imply a certain level of skill or training.

Additional information about Quartz is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information about Quartz on this website by searching for our name "Quartz Partners, LLC" or "Quartz Partners Investment Management". You can also view information on this website by using our CRD number to search, which is 174327.

All current and prospective clients should retain a copy of this Brochure and thoroughly read it in its entirety prior to evaluating whether they would like to engage or continue with our advisory services. We encourage all persons to read this document in its entirety and discuss any questions or feedback you have with Quartz.

## ITEM 2. MATERIAL CHANGES

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It is Quartz's philosophy that providing complete and accurate communication in a timely manner is a critical component of our relationship with all current and prospective Clients. This section addresses changes that have been incorporated since our last Brochure update on August 29<sup>th</sup>, 2016 that we consider important to the total mix of information contained within this Brochure. We have made the following material changes:

- **Item 4.B.** The "Pension & Profit Sharing Plan" advisory service has been renamed to "Employer Sponsored Plan" to improve the clarity and breadth of its description. The "Institutional Model Provider" advisory service was renamed to "Model Delivery Program" to align itself with our peers. Further, "Tailored Advisory Services" was removed as it now falls under the "Separate Account" advisory service.
- **Item 5.A.** We have added more advisory fee break points to our Employer Sponsored Plan fee schedule. The amended schedule is now as follows:

Plan Assets	Annual Fee
\$0 to \$499,999.99	0.95%
\$500,000 to \$999,999.99	0.85%
\$1,000,000 to \$2,999,999.99	0.75%
\$3,000,000 to \$4,999,999.99	0.70%
\$5,000,000 to \$9,999,999.99	0.65%
\$10,000,000 to \$19,999,999.99	0.55%
\$20,000,000 to \$29,999,999.99	0.50%
\$30,000,000 to \$49,999,999.99	0.45%
\$50,000,000 to \$74,999,999.99	0.40%
\$75,000,000 to \$99,999,999.99	0.35%
\$100,000,000 and over	0.30%

- **Item 14.A.** Quartz has amended the maximum amount we may compensate Solicitors for Client referrals from 60% to 75% of the eligible advisory fee Quartz receives. This change will not result in any new or additional advisory fees being assessed to current or prospective Clients.

Other immaterial changes were made throughout the document in an effort to present information clearly and concisely. This would include updating the Firm's assets under management through 12/31/2016.

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## ITEM 4. ADVISORY BUSINESS

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### A. DESCRIPTION OF OUR FIRM

Quartz Partners, LLC ("Quartz") designs, manages, and oversees fee-based tactical asset allocation strategies for individual investors, Retirement plan sponsors, and other clients. Quartz commenced operations as an investment adviser in January 2015 and provides investment management services primarily under the name of Quartz Partners Investment Management. The firm is privately owned and unaffiliated with any other entity. Joseph Arena, Managing Director and Chief Investment Officer, and Kyle Webber, Managing Director and Chief Compliance Officer are the principal owners, portfolio managers and operators of Quartz.

### B. ADVISORY SERVICES

Quartz uses proprietary asset allocation strategies ("Strategy" or "Strategies") to guide our investment decisions in an attempt to monitor Client investments and manage portfolio risk on a continuous basis. Our investment approach is the result of extensive independent research into the economic, fundamental, technical and behavioral factors that impact the global capital markets. Most Strategies are managed using an active asset or tactical asset allocation methodology. This methodology contrasts with strategic asset allocation, or buy-and-hold strategies, which typically adhere to rigid asset class mixes and buy-and-sell rules.

Quartz's Strategies do not attempt to maintain a particular level of risk over short periods. Instead, flexible risk levels are undertaken with a goal of maintaining the stated level of risk over a full market cycle, which typically lasts 5-7 years. For example, a Strategy defined as having a moderately conservative risk profile over a full market cycle may at times be invested in line with an aggressive risk profile over certain market periods. Our advisory services are typically appropriate for Clients with at least a 5-year time horizon for their account.

We limit the investments we recommend and utilize in Client accounts to Exchange-Traded Funds ("ETFs"), Pooled Investment Vehicles ("Funds") defined under the Investment Company Act of 1940, (e.g., Mutual Funds, Variable Annuity Subaccounts) and equities publicly traded on a major U.S. stock exchange (e.g., New York Stock Exchange, NASDAQ). Collectively we refer to ETFs, Funds and equities as "Securities".

Quartz and our employees do not hold insurance licenses, recommend or sell Variable Annuities or other Insurance products that provide compensation (e.g., sales commissions or distribution fees). However, some Clients may ask us to provide our Separate Account or Institutional Model Provider advisory services for a pre-existing variable annuity product that was not originally recommended or sold by Quartz. We refer to this scenario as a "Variable Annuity Overlay". In this scenario we will only provide advice concerning the investment options available within the Client's variable insurance policy rather than the policy's terms, riders, etc.

Quartz does not provide legal or tax advice to Clients or a retirement plan. Clients should seek the advice of their legal and tax counsel as to matters that may arise relating to the operation and administration of the account or plan.

Quartz offers investment strategies and multi-strategy portfolios including the following:

- Quartz Equity
- Quartz Spectrum
- Quartz Yield Plus
- Quartz High Yield Legacy
- Quartz G2
- Quartz *adapt*CORE Aggressive Growth
- Quartz *adapt*CORE Long-Term Growth
- Quartz *adapt*CORE Moderate Growth
- Quartz *adapt*CORE Conservative Growth

See "Item 8. Methods of Analysis, Investment Strategies & Risk of Loss" for more details on our investment strategies.

Our strategies and portfolios are offered to clients as separately managed accounts (“SMAs”), model delivery programs including unified managed accounts (“UMAs”), Employer Sponsored Plan services, and investment company portfolio management services.

**Separately Managed Account**

Quartz provides discretionary investment advisory services to SMA clients. Unless otherwise stated, our SMA advisory service requires that Clients grant Quartz full investment and trading discretion. With the help of a guided questionnaire and consultation with a Financial Professional, the Client will determine which of Quartz’s Strategies and/or Portfolios may be appropriate given a Client’s financial situation, investment objectives, and risk tolerance. Financial Professionals may not be affiliated or supervised by Quartz. SMA Clients are able to impose reasonable restrictions on the management of their account, although they should be aware that such restrictions may affect account performance.

Quartz also provides its investment strategies to SMA clients in what is called a “dual contract” arrangement, which differs from the SMA description above in that the Client engages both Quartz and a financial intermediary (such as a broker-dealer or registered investment advisor). Quartz is responsible for investment decisions and trading, while the financial intermediary is responsible for other duties including identifying the Client’s financial situation and needs, determining suitability, custodian selection, billing, cost basis and reporting. The financial intermediary will charge clients an advisory fee and pay Quartz based on a percentage of the Client’s assets under management.

**Model Delivery Program**

Quartz also provides investment advisory services for certain SMAs and, primarily, for UMA accounts on platforms sponsored by financial intermediaries such as broker-dealers and registered investment advisors (“Program Sponsor”), for which we solely provide initial and ongoing model portfolios to the Program Sponsor, who is responsible for trading at their discretion. The Program Sponsor or primary financial advisor servicing the Client, not Quartz, will be responsible for identifying the Client’s financial situation and needs, determining suitability, making investment decisions, trading, and other administrative tasks. Quartz has an ongoing responsibility to select and make recommendations, based upon the needs of the Quartz Strategy(s) the Client has selected. The model portfolios we provide will match the strategy portfolios managed by Quartz, and changes will be delivered to the program sponsor in a timely manner. By not having trading discretion in model delivery program arrangements, performance may differ from that of Clients for which we maintain trading discretion.

**Employer Sponsored Plan**

Quartz provides investment management and oversight services to employer sponsored plans. We will maintain a relationship with all unaffiliated service providers, including the third party administrator, recordkeeper and custodian. If necessary, Quartz will lead the search for new service providers and advise on plan design and implementation. We provide investment recommendations and ongoing monitoring of Plan investment options. Our recommendations will only be implemented at the Plan trustee’s sole discretion as an ERISA 3(21) fiduciary unless Quartz agrees in writing to be appointed as a discretionary ERISA 3(38) Investment Manager. Unlike the model-based services we provide to SMA, Wrap, and UMA accounts, we offer investment option recommendations separate from our Strategy portfolios to allow plan participants to research and select their own portfolios. In this scenario, we are responsible for making prudent recommendations for the list of available Securities by researching the Securities and ensuring that a properly diversified list of options is made available.

Quartz provides educational support for plan sponsors and participants, advising them of the investment options, benefits, and features under the Plan. In addition, Quartz will meet individually with those participants who desire assistance in choosing a Quartz investment Strategy or Portfolio or constructing a participant directed portfolio under the plan. Any investment recommendations so provided will be based on information relating to age, time horizons (e.g., life expectancy, retirement age), risk tolerance, current investments in designated investment options, other assets or sources of income, and investment preferences of the participant or beneficiary. Such recommendations will not include ongoing monitoring or rebalancing of a participant’s portfolio. Fees are paid either by the plan sponsor or directly out of the participants’ accounts. If fees are paid by the participants, the plan will properly disclose fees as a line item on account statements and will not be incorporated into other fees such as the Securities’ internal expenses. We will not receive, directly or indirectly, any fee or other compensation (including commissions, salary, bonuses, awards, etc.) that is based in whole or in part on a participant's selection of an investment option. Quartz has no responsibility to provide any advisory services with respect to

the following types of assets: employer securities, real estate, participant loans, non-publicly traded securities or assets, or illiquid investments.

#### **Investment Company Portfolio Management**

Quartz will serve as a portfolio manager or sub-adviser to Funds and/or ETFs. For these services we may manage one or more of the following: investment decisions, security selection, day-to-day portfolio management of the assets, and/or the timing and manner in which to effect securities transactions. We may not be granted full investment discretion. Contractual terms between the Investment Company and Quartz shall be the sole responsibility of the Investment Company.

### **C. ASSETS UNDER MANAGEMENT**

As of December 31<sup>st</sup>, 2016, Quartz receives fees on a total of \$57,731,363 of Client assets. Of this, Quartz managed \$51,009,920 in discretionary assets under management. The remaining \$6,722,073 are non-discretionary assets under management in which our Firm has an ongoing responsibility to select and make recommendations, based upon the needs of the Quartz Strategy(s) the Client has selected. These non-discretionary assets under management are comprised of dual-contract SMAs, Model Delivery Programs including UMAs, and Employer Sponsored Plans.

### **D. WRAP FEE PROGRAMS**

Quartz does not sponsor a wrap fee program. However, Quartz offers its investment strategies to Clients as a portfolio manager or sub-advisor to wrap fee programs sponsored by Principal Advisors or other Financial Institutions ("Wrap Sponsors"). Wrap programs are investment management programs in which investment management and execution services are "bundled." Our participation in these wrap programs requires us to provide the investment management component, composed of our Strategies and/or Portfolios. The comprehensive fee ("Wrap Fee") may include execution, consulting and custodial services performed or arranged by the Wrap Sponsor and in an amount sufficient to cover the investment advisory services of managers like Quartz. Each Wrap Sponsor generally charges clients a quarterly Wrap Fee based upon a percentage of the value of the assets under management. Each Wrap Program Client enters into a wrap fee agreement with the Wrap Sponsor. In some wrap fee programs, Wrap Program Clients may also be required to enter into a separate agreement with us, or we may be a party to the Wrap Program Client agreement.

## **ITEM 5. FEES & COMPENSATION**

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Quartz provides investment advisory services on a continuous fee-only basis. Our fees will be calculated based on the total Account value (all cash and securities) and deducted from Client accounts by the Custodian based on the predetermined fee schedule unless the Client or Custodian explicitly restricts Quartz from doing so. Advisory fees are negotiable and Clients should be aware that the Securities we recommend are also offered by unaffiliated brokers, agents, and investment advisors. Since fees are typically directly deducted from accounts, we require Clients to understand and acknowledge that:

- The Client's Custodian or recordkeeper must agree to send statements, at least quarterly, indicating all transactions and amounts disbursed from the account including trading activity and the amount of advisory fees paid to Quartz;
- The Client's Custodian provides the account values which are used to calculate advisory fees; and
- The Client will contact Quartz immediately if statements are not received at least quarterly or seem incomplete or incorrect.

### **A. ADVISORY FEES**

#### **Separately Managed Account**

SMA accounts are billed quarterly in advance. The initial advisory fee is calculated based on the total initial account value. Subsequent advisory fees will be calculated based on the ending value on the last day of the previous quarterly billing period. Fees will be deducted automatically from a Client's account unless otherwise stated. After the initial quarterly billing period for the account, Client deposits of additional monies will not be billed until the billing period following the deposit. The SMA Accounts that are eligible to be combined for Fee breakpoint purposes ("Aggregate Assets") are those accounts with the same registrations or accounts having the same address. In

addition, accounts with the following persons may also be eligible: (a) the Client's spouse; (b) the Client's children and their spouses; (c) an individual whose relationship to the Client, while not listed in the foregoing, is similar to one of the enumerated relationships.

The fee schedules for Separately Managed Accounts are as follows:

**Quartz Strategies & Portfolios (excluding G2 Strategy)**

Assets Managed per Client	Annual Fee
\$0 to \$249,999.99	2.00%
\$250,000 to \$499,999.99	1.80%
\$500,000 to \$999,999.99	1.50%
\$1,000,000 to \$1,999,999.99	1.00%
\$2,000,000 and over	0.75%

**Quartz G2 Strategy Only**

Assets Managed per Client	Annual Fee
\$0 to \$249,999.99	0.50%
\$250,000 to \$499,999.99	0.40%
\$500,000 to \$999,999.99	0.35%
\$1,000,000 to \$1,999,999.99	0.30%
\$2,000,000 and over	0.25%

**Dual-Contract SMAs**

Dual-Contract SMAs are billed in a similar fashion as Model Delivery Programs (see below), with annual fees of up to 0.75% (75 basis points).

**Model Delivery Program**

Accounts will be billed at an annual advisory fee up to 0.75% (75 basis points). The Principal Advisor or platform sponsor will automatically bill a client account that is subscribed to one of our Strategies and then send the advisory fees owed to Quartz. The specific fee amount and schedule will be determined through negotiations with the Principal Advisor or platform sponsor and shall be defined and memorialized in writing. Generally, breakpoints are not offered.

**Employer Sponsored Plans**

Plans which require the services of a third party administrator and recordkeeper will be billed based on the total Plan assets. Our annual fee shall be prorated and charged quarterly, in arrears, based upon the market value of the assets on the last day of the month services were provided. Accounts terminated during the month will be charged a prorated fee. A Client will authorize the Third Party Administrator or other Financial Institution to calculate and debit the Plan for the amount of our fee and to directly remit that fee to Quartz in accordance with applicable custody rules.

The fee schedule for Employer Sponsored Plans is as follows:

Plan Assets	Annual Fee
\$0 to \$499,999.99	0.95%
\$500,000 to \$999,999.99	0.85%
\$1,000,000 to \$2,999,999.99	0.75%
\$3,000,000 to \$4,999,999.99	0.70%
\$5,000,000 to \$9,999,999.99	0.65%
\$10,000,000 to \$19,999,999.99	0.55%
\$20,000,000 to \$29,999,999.99	0.50%
\$30,000,000 to \$49,999,999.99	0.45%
\$50,000,000 to \$74,999,999.99	0.40%
\$75,000,000 to \$99,999,999.99	0.35%
\$100,000,000 and over	0.30%

**Investment Company Portfolio Management**

Quartz will typically receive fees monthly in arrears at an annual advisory fee of up to 1.00% (100 basis points). The specific fee amount and schedule will be approved by the Trustees and explicitly defined within the prospectus of the ETF or Fund. Generally breakpoints are

not offered.

## B. OTHER NON-ADVISORY FEES

In addition to Quartz's advisory fees described above, Clients will also incur fees and be responsible for expenses from entities which are unaffiliated with Quartz. Quartz receives no portion of these non-advisory fees and expenses.

**Custodian Fees.** The essential function of a Custodian is to provide trade execution services, regular statements to Clients and to hold Client assets and securities in an Account titled in the Client's name. The Custodian may impose charges for brokerage transactions, account closing, IRA custodial fee and special services elected by Clients, including check writing fees, electronic fund and wire transfer fees, certificate delivery fees, reorganization fees, short-term redemption fees, regulatory fees, and transfer taxes mandated by law. Employer Sponsored Plans may incur additional required administrative expenses charged by third party administrators and recordkeepers.

**Fund Expenses.** Quartz typically utilizes Funds or ETFs in our Strategies and Portfolios. Each ETF or Fund is subject to investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses related to investments in investment companies, as set forth in the prospectuses of the ETFs or Funds. These fees and expenses are paid by the ETFs or Funds but ultimately are borne by Clients as shareholders. When we recommend or invest in a mutual fund, we will choose no-load funds to avoid sales charges and/or commissions ("loads") if possible.

**Taxes.** Depending on the Account type, Clients may incur tax consequences for profits from the sale of investments, capital gains, dividends, etc. associated with their Account. Quartz Strategies are typically managed using an active asset or tactical asset allocation methodology and Accounts may experience adverse tax consequences related to short-term holding periods for non-qualified accounts that do not have a tax exempt or a tax deferred status. Withdrawals from a Client's Account to pay Quartz advisory fees in certain circumstances may be considered tax deductible. Clients should speak with a tax professional about the specific tax treatment and ramifications for their Account(s). Further, withdrawals from a Client's variable insurance product(s) to pay fees owed to us may in certain circumstances constitute a taxable distribution or result in an additional expense depending on the account registration and how the insurance carrier records the distribution of our advisory fee. We urge Clients to speak with both a tax professional and the Financial Professional who sold the variable insurance product(s) about these potential ramifications prior to engaging in our Variable Annuity Overlay services.

## C. TERMINATIONS AND REFUNDS

Quartz does not penalize Clients for terminating their account(s). Fees for Accounts opened or terminated during a billing period that are paid in advance will be refunded a prorated fee based on the number of days the account was managed during the billing period. Our SMA Clients receive a "free look" period where they will receive a full refund of our advisory fees if they choose to terminate their account within 30 days from the date our Agreement is signed. However, Your Account(s) will be assessed any market value changes and Custodian or Fund redemption fees, as applicable, during that time period which may result in a gain or loss to Your original investment.

## D. OUTSIDE COMPENSATION FOR THE SALE OF SECURITIES

As a Firm policy, we align our interests with those of our Clients and provide advisory services on a fee-only basis rather than buy or sell Securities or investment products for a sales commission, load or markup. Neither Quartz nor our employees accept sales commissions, loads, markups, or distribution fees from Fund companies ("12b-1 fees").

However, Solicitors who recommend our advisory services may receive the aforementioned compensation arrangements through their affiliated broker-dealer or insurance agency. This activity is unaffiliated with Quartz and we do not receive any economic benefit from them. Solicitors may spend the majority of their time or derive a large portion of their income from these activities. This presents a conflict of interest and gives Solicitors incentive to recommend investment products or services based on the compensation received, rather than a Client's specific needs. Clients are under no obligation to act upon any recommendations and have the option to purchase investment products or services through other Financial Professionals not recommending our advisory services.



## ITEM 6. PERFORMANCE-BASED FEES

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Quartz does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## ITEM 7. TYPES OF CLIENTS

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The minimum account size for new and existing accounts is \$10,000, unless otherwise stated or if the account size drops below the minimum level due to market action. Exceptions to this policy may be made at Quartz's discretion, although Clients should be aware that accounts below the stated minimum may be managed and perform differently from accounts over the minimum. For example, accounts under the minimum may not be able to invest in every Security selected by Quartz due to their total Net Asset Values and absence of partial share purchases. Custodians, Principal Advisors and Investment Companies we work with may have their own minimum requirements or prohibitive fees for smaller accounts. We may cancel management of a Client's Account if the account size falls to levels we deem insufficient to maintain our Strategies.

We seek to provide our advisory services to: Individuals and High Net Worth Individuals, Trusts, Estates, and Charitable Organizations, Pension and Profit Sharing Plans, Investment Companies, Investment Advisers, Financial Professionals and Insurance Companies.

**Important Disclosure for ERISA Covered Retirement Plans.** We acknowledge that some of Quartz's advisory services are covered under the U.S. Department of Labor Rule 408(b)(2) when providing investment advisory services to Plans covered by the Employee Retirement Income Security Act of 1974 ("ERISA"). Although we may not be considered 3(38) Investment Managers as defined by ERISA section 3(38), we acknowledge that we are acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA. We will act in a manner consistent with the requirements of a fiduciary under ERISA for all services for which we are considered a fiduciary under ERISA. However, unless otherwise agreed to in writing, we (a) have no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of the main retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of the main retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of the main retirement plan or the interpretation of Plan's retirement plan documents, (b) are not an "investment manager" as defined in Section 3(38) of ERISA and do not have the power to manage, acquire or dispose of any plan assets, and (c) are not the "Administrator" of the retirement plan as defined in ERISA. For some Plans, Quartz may serve as ERISA 3(38) investment manager when providing Employer Sponsored Plan services for the portion of the plan assets for which we have been retained. Under this scenario, we are responsible for monitoring the investment options of the Plan in order to add or remove investment options for the Plan and actively manage all assets for participants enrolled in the Plan for the portion of Plan assets managed by our Quartz. Plans may have additional Plan assets held outside of the scope of our management services which are not taken into consideration nor monitored by us. As a result of our Employer Sponsored Plan service, we act as an Investment Manager to the Plan, as defined by ERISA section 3(38) and will acknowledge that we are a fiduciary with respect to the management of the Plan. Quartz will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to ERISA covered Plans any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable). In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued there under. If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to the Client the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

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### A. METHODS OF ANALYSIS

Quartz primarily employs top-down analysis and active or tactical asset allocation strategies. A top-down approach begins with analysis of the economy and financial markets. The resultant findings are the main driver of the asset allocation decisions within our Strategies. Specifically, the seven primary factors guiding our analysis are as follows: Monetary & Fiscal Policy, Economic Conditions, Earnings, Inflation, Interest Rates, Liquidity & Credit, and Momentum & Value. Technical analysis may be employed at times in order to seek inflection points and to identify overbought and oversold conditions. Using these inputs, we create portfolios within the parameters of each Strategy. Specifically, we determine the relative weightings to, for example, large cap vs. small cap, domestics vs. foreign, value vs. growth, high yield bonds vs. government bonds, and all asset classes vs. cash. There are no minimum allocation parameters for any asset class, sector, or style. For example, if Quartz determines that large cap stocks are more attractive than small cap stocks, we may maintain a 0% weighting in small cap stocks. The portfolios constructed at any given time are monitored and evaluated on a dynamic, ongoing basis. They will be modified (re-allocated or traded) when Quartz's Investment Committee determines that such a change is warranted based on changes to the market and/or economic outlook, which is guided by the seven factors discussed above.

All Strategies may be allocated up to 100% in US Treasury securities and/or cash/equivalents in an effort to preserve capital. It is likely that all Strategies will be allocated 100% in US Treasury Securities and/or cash multiple times over a 5-year time period. These highly defensive allocations typically last 30 to 180 days and are dependent on the investment risks observed by our Investment Committee. All Strategies have an objective of outperforming their designated benchmark with less downside risk over a full market cycle. Target allocation maximums do not include deviations due to short-term market fluctuations.

The following is a brief description of the methods of analysis used by Quartz, including the associated risks:

**Macroeconomic.** Analysis of the general condition of economies and the policies that surround them. Solely using this form of analysis poses a risk because it does not look at individual securities, industries, or sectors and the prices of which may move irrespective of the economies.

**Fundamental.** Analysis of the intrinsic value of a security or asset class by looking at financial and economic data. Solely using this form of analysis poses a risk because it does not consider that security or asset class prices may rise and fall with the overall market regardless of their intrinsic value.

**Technical and Cyclical.** Analysis of historic economic or security data in an attempt to identify recurring patterns to forecast future price movement of a security, industry, sector, industry, or asset class. Using solely this form of analysis poses a risk because it does not consider the fundamental value, economic data, or policies which may affect security and asset class prices regardless of market sentiment, trends or cycles.

### B. INVESTMENT STRATEGIES

The Strategies below do not attempt to maintain a particular level of risk over short periods. Instead, flexible risk levels are undertaken with a goal of maintaining the stated level of risk over a full market cycle, which typically lasts 5-7 years. For example, a strategy defined as having a moderately conservative risk profile over a full market cycle may at times be invested in line with an aggressive risk profile over certain market periods. Therefore, investors should carefully consider their particular risk tolerance before investing in our Strategies. Further, our advisory services are typically appropriate for Clients with at least a 5-year time horizon for their account. There is no guarantee that Quartz's goals will be achieved.

#### Quartz Strategies

- **Quartz Equity**

The Quartz Equity Strategy has an aggressive risk profile over a full market cycle and seeks long-term capital appreciation with a

secondary emphasis on capital preservation. The Strategy will be primarily determined based on our outlook on the financial markets and global economy. Relative strength and other technical analyses may also be used to make asset allocation decisions.

The Strategy may consist of a mix of US equity, foreign equity, real estate investment trust ("REIT"), commodity, government bond and or cash or equivalent Securities. Target allocations to REITs and commodity Securities are each limited to 30% of the Strategy, while equity, government bond and/or cash or equivalent Securities may make up to 100% of the Strategy. The Strategy is non-diversified and will often be concentrated in one or a select number of Securities. Leveraged Securities may be used in the Strategy, which may at times lead to an exposure to the equity markets of more than 100%.

In an attempt to meet the Strategy's secondary emphasis of capital preservation, the Quartz Equity Strategy will at times be invested up to 100% in government bonds or cash or equivalent Securities. This will generally occur when our market and/or economic outlook become negative, or when investment opportunities are constrained by valuations or other factors.

- **Quartz Spectrum**

The Quartz Spectrum Strategy has a moderate risk profile over a full market cycle and seeks long-term capital growth with a secondary emphasis on capital preservation. The Strategy will be primarily determined based on our outlook on the financial markets and global economy. Relative strength and other technical analyses may also be used to make asset allocation decisions. The Strategy may invest across the entire asset class universe and seeks to provide positive returns through tactical allocations amongst each of the distinct asset classes. As a result, the Strategy may offer varying levels of risk and does not resemble a traditional, diversified allocation of stocks and bonds.

The Strategy may consist of a mix of US equity, foreign equity, bond, real estate investment trust ("REIT"), Commodity, and or cash or equivalent Securities. Target allocations to REITs and Commodity Securities are each limited to 30% of the portfolio, while equity, fixed income, and/or cash or equivalent Securities may make up to 100% of the Strategy. The Strategy is non-diversified and will often be concentrated in one or a select number of Securities. Leveraged Securities may be used in the Strategy, which may at times lead to an exposure to the equity markets of more than 100%.

In an attempt to meet the Strategy's secondary emphasis of capital preservation, the Quartz Spectrum Strategy will at times be invested up to 100% in cash or equivalent Securities. This will generally occur when our market and/or economic outlook become negative, or when investment opportunities are constrained by valuations or other factors.

- **Quartz Yield Plus**

The Quartz Yield Plus Strategy has a moderately conservative risk profile over a full market cycle and seeks positive total returns with a secondary emphasis on capital preservation. The Strategy will be primarily determined based on our outlook on the financial markets and global economy. Relative strength and other technical analyses may also be used to make asset allocation decisions.

The Strategy will often invest up to 100% in high yield corporate bond Securities, which typically represents the primary source of return and risk to the Strategy. The Strategy may also consist of an unconstrained mix of bond securities (including but not limited to bank loans, global bonds, emerging markets debt, government bonds, and municipal bonds), convertible securities, REITs, and or cash or equivalent Securities. Target allocations to equity Securities with a positive yield may represent up to 30% of the Strategy. An inverse rate Security, one that is intended to track the inverse of US Treasuries, may also represent up to 20% of the Strategy's target allocation. The Strategy is non-diversified and will often be concentrated in one or a select number of Securities. Leveraged Securities may be used in the Strategy.

In an attempt to meet the Strategy's secondary emphasis of capital preservation, the Quartz Yield Plus Strategy will at times be invested up to 100% in government bond or cash or equivalent Securities. This will generally occur when our market and/or economic outlook become negative, or when investment opportunities are constrained by valuations or other factors.

- **Quartz High Yield Legacy**

The Quartz High Yield Legacy Strategy has a moderately conservative risk profile over a full market cycle and seeks positive total

returns with a secondary emphasis on capital preservation. The Strategy's portfolio will be primarily determined based on our outlook on the financial markets and global economy. Relative strength and other technical analyses may also be used to make asset allocation decisions.

The Strategy will often invest up to 100% in high yield corporate bond Securities, which typically represents the primary source of return and risk to the Strategy. The Strategy is non-diversified and will frequently be 100% invested in high yield bond Securities, government bond Securities, or cash or equivalent Securities. Leveraged Securities may be used in the Strategy.

In an attempt to meet the Strategy's secondary emphasis of capital preservation, the Quartz High Yield Legacy Strategy will at times be invested up to 100% in government bonds and/or cash or equivalent Securities. This will generally occur when our market and/or economic outlook become negative, or when investment opportunities are constrained by valuations or other factors.

- **Quartz G2**

The Quartz G2 ("Growth Second") seeks positive total returns with a primary emphasis on capital preservation. The Strategy seeks annualized total returns of 1% above the Consumer Price Index with less volatility than the US stock market. Unlike our other Strategies, high total returns is not an objective of the Strategy; it is rather designed for investors that seek to avoid erosion related to inflation but do not wish to take the risks associated with equities. Other risks, such as interest rate risk, will be associated with the Strategy.

The Strategy will be primarily determined based on our outlook on the financial markets and global economy. Relative strength and other technical analyses may also be used to make asset allocation decisions.

The Strategy will primarily invest in Government bond, municipal bond, corporate bond, commodity and REIT Securities, as well as cash or equivalents. Commodity and REIT Securities will each not exceed 20% of the Strategy, while corporate bond Securities will not exceed 30% of the Strategy.

## **Quartz Portfolios**

### ***adapt*CORE Portfolios**

These 4 target-risk portfolios are built through allocations to our Quartz Strategies to help balance risk and return. Each target-risk portfolio offers an all-inclusive portfolio solution which seeks positive total returns within its asset class and risk constraints. Leveraged Securities may be used in the underlying Strategies which comprise the *adapt*Core Portfolios. Please refer to the aforementioned individual Quartz Strategies for a full and complete description.

The table below sets forth the target percentages of Quartz's *adapt*Core Portfolios to Quartz Strategies. The actual percentages may change over time due to market fluctuations. Quartz periodically rebalances *adapt*Core Portfolios to maintain target percentages; however, the timing of rebalances is at the discretion of Quartz due to the dynamic investment process of each Strategy.

<i>adapt</i> CORE Portfolio	Risk Profile (full cycle)	Years to Retirement	Quartz Strategy Allocations		
			<i>Equity</i>	<i>Spectrum</i>	<i>Yield Plus</i>
Aggressive Growth	Aggressive	Greater than 20	60%	20%	20%
Long-Term Growth	Growth	11 to 20	40%	40%	20%
Moderate Growth	Moderate	6 to 10	20%	50%	30%
Conservative Growth	Moderately Conservative	5 or less	0%	20%	80%

*Please Note: Due to investment and operational limitations certain Strategies/Portfolios may not be available as a Variable Annuity Overlay. Please ask your Financial Professional for further information.*

**C. RISK OF LOSS**

Clients should be aware that their accounts will typically be exposed to the following risks:

**General Investing Risk.** Investment management involves a high degree of risk and uncertainty. Investment performance is not guaranteed and no method of analysis or investment strategy is immune from loss. Investment management is exceedingly challenging and success depends greatly on the investment skills of Quartz's Investment Committee. While rare, Clients should be prepared to bear the loss of their entire investment. It is important that Clients understand the risks associated with investing in Securities and we request that they contact us promptly with any questions or concerns.

**Correlation.** Although the prices of equity and fixed-income Securities, as well as other asset classes, often rise and fall at different times so that a fall in the price of one may be offset by a rise in the price of the other, in down markets the prices of these Securities and asset classes can also fall in tandem. Because tactical strategies allocate investments between equities and fixed-income Securities, the Strategies are subject to correlation risk.

**Diversification.** Our Strategies are typically limited to only a few investments and concentrated in or significantly exposed to a particular sector. This may result in performance being more sensitive to any single economic, business, political, or regulatory event than the value of a more diversified portfolio.

**High Turnover.** Active or Tactical allocation strategies can have a high degree of portfolio turnover which may result in adverse tax treatment for taxable accounts.

**Quantitative Analysis Risks.** Quartz may use quantitative analyses. Any imperfections, limitations, or inaccuracies in its analyses could affect its ability to implement strategies. By necessity, these tools make simplifying assumptions that may limit their effectiveness. Quantitative analysis that appears to explain prior market data can fail to predict future market events. Further, the data used in quantitative analysis may be inaccurate and/or it may not include the most current information available.

**ETF General Risks.** Quartz prefers to utilize ETFs in their Strategies. ETFs have inherent risks generally associated with investments in a portfolio of underlying securities, including the risk that the general level of those underlying security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of stocks held. Although ETFs themselves are generally classified as equities, the underlying holdings of ETFs can include a variety of asset classes including, but not limited to equities, bonds, foreign currencies, physical commodities, and derivatives. A full disclosure of the specific risks of ETFs is located in the respective prospectus of each ETF and can be furnished upon request.

**Leveraged ETFs & Funds.** Our Strategies may invest in ETFs and Funds that utilize leverage. Leverage intensifies gains and drawdowns and the products themselves can suffer significant losses. These products typically "reset" daily. Due to the compounding effect their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark. Over long holding periods, these products tend to underperform in volatile markets. There is a high probability that these investments will lose money regardless of market direction over a long holding period.

**Market & Systemic.** Equity, Fixed Income, and other global capital markets rise and fall daily. The performance of Client investments are, to varying degrees, tied to these markets. When markets fall, the value of a Client's investments will fluctuate, which means a Client could lose money.

**Trading & Liquidity.** A particular investment may be difficult to purchase or sell, or may become difficult to sell after being purchased for a Client account. Quartz may be unable to sell Securities on behalf of a Client at an advantageous time and/or price due to the existing trading market conditions.

**Counterparty.** To the degree Quartz Strategies own an exchange-traded note (“ETN”), there is exposure to the credit risk of the issuer. ETNs also have some “product” or “structural” risk associated with underlying derivatives, as they will sometimes provide market exposure through indirect means, like futures, options and forwards contracts.

**Custodian.** If the Custodian of the Account (chosen by the Client) were to go out of business, Client assets may only be protected up to the Securities Investor Protection Corporation (“SIPC”) limits.

**Taxes.** Quartz’s Strategies are not designed to address specific tax objectives. Ongoing investment income, capital gains, capital losses, and miscellaneous deductions for some ETFs including, but not limited to, certain commodity and currency ETFs, are reported annually on the Schedule K-1, and when certain commodity ETFs are sold in a taxable account, proceeds will be reported on Form 1099-B. The Schedule K-1 is mailed separately to clients each year and needs to be included in the Clients’ income tax return. In cases where the entity generating the Schedule K-1 files for a tax extension beyond April 15, Clients may receive their Schedule K-1 after the due date for their income tax return. Individual taxpayers who do not request a filing extension may need to file an amended federal and/or state tax return if they receive their Schedule K-1 after filing their original return. Also, gains and losses associated with some commodities may be taxed differently than standard short-term and long-term capital gains and losses. Clients should consult a tax professional for help with their unique situation.

#### **Underlying Securities Risks: Equity**

**Sentiment, Results, Fundamentals.** The prices of equity Securities, and thus the value of ETFs or Funds that invest in them, rise and fall daily. These price movements may result from factors affecting individual companies, industries or the Securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of Securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time.

**Large- & Mid-Cap.** ETFs or Funds that focus on large- and/or mid-cap segments of the U.S. stock market bear the risk that these types of stocks tend to go in and out of favor based on market and economic conditions. However, stocks of mid-cap companies tend to be more volatile than those of large-cap companies because mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies. During a period when large- and/or mid-cap segment of U.S. stock markets fall behind other types of investments—bonds or small-cap stocks, for instance—the performance of the portion of the Strategy invested in large- and/or mid-cap U.S. stocks will lag the performance of these other investments. The Quartz Equity and Spectrum Strategies typically invest in U.S. equity Securities as a core allocation.

**Small-Cap & International.** Historically, small-cap and international stocks have been riskier than large- and mid-cap U.S. stocks (also see Foreign Investment section below for additional information). During a period when small-cap and/or international stocks fall behind other types of investments—large- and mid-cap U.S. stocks, for instance—the performance of the portion of the investment strategies invested in small-cap or international stocks will lag the performance of these other investments.

#### **Underlying Securities Risks: Fixed Income**

**General Bond Risks.** Bond markets rise and fall daily, and fixed income investments, which generally also include instruments with variable or floating rates (including cash and cash-like investments), are subject to various risks. As with any investment whose performance is tied to bond markets, the value of a fixed income ETF or Fund will fluctuate, which means that the client could lose money.

**Interest Rate.** When interest rates rise, bond prices usually fall, and the value of an ETF or Fund holding the bonds. A decline in interest rates generally raises bond prices and the value of a bond fund, but could also reduce the future performance of an ETF or Fund by lowering its yield. The longer the duration of the investments held by an ETF or fund, the more sensitive to interest rate movements its value is likely to be.

**Credit.** A decline in the credit quality of a fixed income investment could cause the value of a fixed income ETF or Fund to fall. The ETF or Fund could lose value if the issuer or guarantor of a portfolio investment fails to make timely principal or interest payments or otherwise honor its obligations. The emphasis of a fixed income strategy on quality and preservation of capital also could cause an ETF or Fund to underperform certain other types of bond investments, particularly those that take greater maturity and credit risks.

**High Yield.** High yield Securities and unrated Securities of similar credit quality (sometimes called junk bonds) are subject to greater levels of credit and liquidity risks. High yield securities and the ETFs or Funds that invest in them may be considered speculative. Quartz Yield Plus and High Yield Legacy Strategies typically invest in high yield securities as a core allocation.

**Government Securities.** Many U.S. government securities are not backed by the full faith and credit of the United States government, which means they are neither issued nor guaranteed by the U.S. Treasury. Certain issuers, such as the Federal Home Loan Banks (FHLB), maintain limited lines of credit with the U.S. Treasury and there can be no assurance that the U.S. government will provide financial support to securities of its agencies and instrumentalities if it is not obligated to do so under law.

#### **Underlying Securities Risks: Foreign**

**General Foreign Investment Risks.** Investments in ETFs or Funds that hold securities of foreign issuers may involve certain risks that are greater than those associated with investments in securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory and other conditions; changes in currency exchange rates or exchange control regulations (including limitations on currency movements and exchanges); differing accounting, auditing, financial reporting, foreign taxes, and legal standards and practices; differing securities market structures; differing trading and settlement practices; ownership restrictions; and higher transaction costs.

**Emerging Markets.** The general risks of foreign securities (and other risks, e.g., nationalization, expropriation, or other confiscation of assets of foreign issuers) are greater for those ETFs or Funds investing in companies tied economically to emerging countries, the economies of which tend to be more volatile than the economies of developed countries.

**Frontier Markets.** The risks associated with investing in ETFs or Funds that hold foreign or emerging markets generally are magnified in frontier markets, also known as 'next emerging' markets. Some frontier markets may operate in politically unstable regions of the world and may be subject to additional geopolitical/disruption of markets risks.

**Geopolitical & Disruption of Markets.** Geopolitical events may adversely affect global economies and markets and thereby decrease the value of and/or the ease of trading those ETFs or Funds invested in those affected markets. Those events as well as other changes in foreign and domestic economic and political conditions could adversely affect the value of foreign securities.

**Currency.** Fluctuations in exchange rates may adversely affect the value of ETFs or Funds that hold foreign currency holdings and investments denominated in foreign currencies.

## **ITEM 9. DISCIPLINARY INFORMATION**

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Quartz does not have any legal or disciplinary events to report.

## **ITEM 10. OTHER FINANCIAL ACTIVITIES & AFFILIATIONS**

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### **A. BROKER-DEALER AFFILIATION**

Neither Quartz nor any Quartz employee is registered as a broker-dealer or registered representative of a broker-dealer.

**B. OTHER AFFILIATIONS**

Neither Quartz nor any Quartz employee is registered as a futures commission merchant, commodity pool operator, commodity-trading advisor, or associated person of any of the foregoing entities.

While we do not have any affiliations as described above, unaffiliated Solicitors recommending our investment advisory services may be affiliated with or be employed as a registered representative with a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, or an insurance agent.

**C. REGISTRATION RELATIONSHIPS MATERIAL TO THIS ADVISORY BUSINESS AND POSSIBLE CONFLICTS OF INTEREST**

Investment Adviser Representatives of Quartz may be licensed insurance agents. From time to time, they will offer Clients products from those activities. Clients should be aware that these services pay compensation and thus involve a conflict of interest. Quartz always acts in the best interest of the client. Clients are in no way required to purchase any product or service through any representative of Quartz in such individual's capacities.

## ITEM 11. CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS & PERSONAL TRADING

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**A. DESCRIPTION OF CODE OF ETHICS**

Quartz has adopted a Code of Ethics (the "Code") pursuant to SEC rule 204A-1. The Code provides that each employee place the interests of Quartz's Clients ahead of its own and demonstrate a commitment to our fiduciary duties of honesty, good faith and fair dealing. The Code covers the following areas: Prohibited and Restricted Activities, Reporting Requirements, Certification of Compliance, Confidentiality, Recordkeeping requirements, Insider Trading, and Compliance with Laws and Regulations. Further, Quartz claims compliance with the CFA Institute's "Asset Manager Code of Professional Conduct". More information regarding the CFA's Asset Manager Code of Professional Conduct and those firms claiming compliance with it can be viewed at [cfainstitute.org/ethics/codes/assetmanager](http://cfainstitute.org/ethics/codes/assetmanager). A complete copy of our Code is available for any current or prospective Client at [quartzpartners.com](http://quartzpartners.com) or upon request.

**B. MATERIAL FINANCIAL INTEREST IN CLIENT TRANSACTIONS**

Quartz nor any related person recommends to Clients, or buys or sells for Client Accounts, Securities in which our Firm or a related person has a material financial interest.

**C. PARTICIPATION IN CLIENT TRANSACTIONS & PERSONAL TRADING**

Quartz and our employees may buy and sell for their own accounts either our Strategies or the Securities that are contained within any of Quartz's Strategies. Conflicts of interest may exist in such cases because an employee may have the ability to trade ahead and potentially receive more favorable prices. Quartz's principals and employees are aware that trading shortly ahead of Clients (front-running) is strictly prohibited. Our Compliance Department reviews all employee personal securities holdings and transactions each quarter to identify and address any potential conflicts of interest.

Clients should be aware that Quartz employees have the option to invest in Quartz Strategies and/or Portfolios as a Client at no cost. Our managed employee Accounts are managed in a manner consistent with Quartz's fiduciary duty to its other Clients. Other than waiving Quartz's advisory fees, Accounts for employees shall receive neither special advantages nor disadvantages.

**D. OTHER CONFLICTS OF INTEREST**

Quartz is not required to devote its full time or any material portion of time to any particular investment activity it is currently involved in, and may in the future become involved in other business ventures, including other Advisory Services, investment Strategies, and ETFs or Funds whose investment objectives, strategies, and policies are the same or similar. These other ventures will compete for Quartz's time and attention and might create additional conflict of interest as described below.

Quartz has an incentive to favor one or more of its Clients with regard to the allocation of investment opportunities, depending on the



advisory fee schedule. Quartz will act in a fair and reasonable manner in allocating suitable investment opportunities among Clients; however, no assurance can be given that (i) a Client participates in all investment opportunities in which other Clients participate, (ii) particular investment opportunities allocated to Clients will not outperform investment opportunities allocated to other Clients, or (iii) equality of treatment of Clients will otherwise be assured.

## ITEM 12. BROKERAGE PRACTICES

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Quartz requires that Clients establish a separate custodial agreement with a Custodian and a written agreement authorizing Quartz as the adviser, third party advisor, model provider or agent for the Custodial account. Quartz maintains relationships with multiple Custodians for managing Client accounts and executing Security transactions. We periodically evaluate various Custodians to determine the reasonableness of their compensation. During our evaluation we take into consideration fees, available investments, trade execution, reputation, financial stability and customer service. The lowest brokerage fee, while an important factor, is not always determinative in such evaluation. We do not evaluate Custodians on the basis of any products, research, or “soft dollars.” We generally prefer Custodians that offer a no-commission structure (e.g., an asset-based brokerage fee or non-transaction-fee ETF/Fund platform). This helps to align Client interests with our own interests and our active investment philosophy.

### A. SOFT DOLLAR BENEFITS

Regardless of the amount of business or trading, most Custodians offer some benefits to advisers and their clients which include billing, trading, and statement generation. Some Custodians offer soft-dollar arrangements based on fees generated by transactions for Client accounts to advisers. These arrangements present a conflict of interest because there is an incentive to select or recommend a Custodian based on receiving benefits an adviser customarily would pay for, rather than the Clients’ interest in receiving the most favorable execution. We do not have any soft-dollar arrangements or charge commission markups but we do evaluate Custodians based in part on the services they provide. We do not receive Client referrals in exchange for cash or other compensation from Custodians.

### B. DIRECTED BROKERAGE

Quartz typically does not accept the discretionary authority to direct brokerage for our advisory services and requests the Client’s direction and consent as to where they would like Quartz to custody and execute transactions for their Account. Because we do not accept the discretionary authority to direct brokerage, we may not be able to achieve most favorable execution of Client transactions. For example, the Client may receive less favorable prices or pay higher transaction fees. Clients should consider the expenses, trading practices, and capabilities before selecting a Custodian. We reserve the right to cancel advisory relationships if we feel there are restrictions imposed by the Client’s Custodian that will significantly impact the value of our services. We have reviewed the services and negotiated pricing with TD Ameritrade Institutional (“TD”) and Folio Institutional (“Folio”) and recommend their brokerage and custody services. We are willing to review the services and pricing of other Custodians upon request.

TD offers Clients both a transaction-based fee schedule and an asset-based pricing brokerage fee schedule. The transaction-based fee schedule charges a commission of \$9.99 per ETF or equity trade and allows commission-free trades on over 100 ETFs. While no transaction fee is assessed upon initial purchase, TD’s commission-free ETFs will be assessed a short-term trading fee of \$19.98 if sold within 30 days. TD’s asset-based fee schedule charges 0.05% per quarter in arrears on eligible ETF and equity holdings and allows for unlimited trading. Under both the transaction- and asset-based fee schedules TD offers thousands of non-transaction fee Mutual Funds as an alternative to ETFs and equities. TD does not charge an asset-based fee on their non-transaction fee mutual funds which generally have higher internal expenses than ETFs.

Folio offers an asset-based fee schedule and charges a fee of 0.05% quarterly in advance on the total account value for unlimited trading at 11:00pm and 2:00pm ET. Folio charges clients \$3.95 for Direct Trades executed outside of their window trading schedule at 11:00am and 2:00pm ET and market/limit orders. As a Firm policy to reduce Client expenses, Quartz avoids trading outside Folio’s window trade schedule unless explicitly requested by a Client.

Quartz generally prefers to utilize ETFs in our Strategies versus Funds due to the often (but not always) lower internal expenses, investment minimums, and trade restrictions. Custodians list their brokerage fees, either transaction-based or asset-based, as a separate line item from our advisory fees on Client statements.

A Client's election of a particular Custodian, transaction-based or asset-based fee schedule have any economic or other material effect to Quartz. Quartz does not receive any part of the separate charges which are assessed by the Custodian directly to Clients. Not all advisers require their Clients to direct brokerage.

### C. TRADING

A primary goal of our trading policy is to avoid giving one Client preference over another. When we intend to buy or sell the same security with the same Custodian in more than one Account we may, but are not obligated to, aggregate those transactions to form a single block trade. Quartz has discretion to wait to place orders if it is aware of potential additional trades for the same security that may be pending or it may decide to execute trades immediately when it receives them. Decisions around the timing and aggregation of trades are made with the goal to seek best execution and to effectively manage order flow across numerous types of Custodians and accounts. Shares will be distributed to each account based on the account value and Strategy allocation.

Restrictions and/or fees applied by Funds held directly in lieu of a Custodian may also affect the performance and/or trading of Client accounts. Some Funds impose trading restrictions and/or short-term trading fees. For example, a Mutual Fund may charge 1% of the fund's value if an exchange is made within a certain time period, e.g., 90 calendar days. In this scenario, we may choose not to buy or sell an investment in the Client's account that we otherwise would have during the trade restriction period. The decision to sell or not sell a security with short-term trading fees is predicated on what we determine is in the Client's best interest at the time of the decision. Clients are responsible for these fees if incurred.

In an effort to remove any potential conflicts of interest when updating our Strategy allocations, Quartz has implemented a trade rotation policy in submitting trade instructions. Trade instructions are distributed to Custodians/Platforms in an alphabetic order rotation (e.g., Trade Day #1 Order: A to Z, Trade Day #2 Order: Z to A). The following exceptions will be made to this trade rotation policy:

**Funds.** Custodians and/or Platforms that exclusively utilize Funds which receive end-of-day execution and pricing will not participate.

**Folio Institutional.** Folio Institutional trade orders are executed at predetermined "trading windows" at 11:00am ET and 2:00pm ET. For example, a trade received by Folio Institutional at 9:45am ET will not be processed until 11:00am ET. Therefore, trade requests for Folio Institutional may be delayed in order to process immediate trades in a more timely fashion. Folio Institutional trades will not be delayed if doing so would result in a missed trading window.

We have a responsibility to effect orders correctly, promptly and in the best interests of our Clients. We have instituted policies and procedures to monitor and reconcile all trading activity, identify and resolve any trade errors promptly without disadvantaging the Clients or benefiting Quartz.

## ITEM 13. REVIEW OF ACCOUNTS

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### A. FREQUENCY & NATURE OF REVIEWS

Our Investment Committee will invest Client accounts into the proprietary Strategy(s) or Portfolio(s) selected by the Client. No less than quarterly, Quartz will review Client portfolios to determine if an account is outside of the tolerance for the account's Strategy allocation. If an account is determined to be out of Strategy tolerance, the Investment Committee will determine if resolution trades are required. Annually by April 30<sup>th</sup>, a written request will be sent asking Clients to supply any updated information including, but not limited to, their financial situation, investment objectives and risk tolerance.

**NON-PERIODIC REVIEWS**

Accounts will be reviewed promptly if we receive updated information pertinent to the management of their account(s) or upon Client request. Clients are responsible for communicating to Quartz any significant changes to their financial circumstances or risk tolerance. Accounts are regularly reviewed at random by the Investment Committee to confirm that their account(s) are invested properly. Reviews may also be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

**B. CONTENT & FREQUENCY OF REPORTS**

Quartz only maintains relationships with Custodians that provide written reports that are complete to our Clients regarding their accounts at least quarterly.

**ITEM 14. CLIENT REFERRALS & OTHER COMPENSATION**

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**A. CLIENT REFERRALS**

Quartz markets our advisory services to other Financial Intermediaries. Under this arrangement they will act as a Solicitor providing Client referrals and administrative support to Quartz. They will receive a portion of our advisory fee for providing this service. This fee will not result in Clients paying higher advisory fees and will range from 50% to 75% of our advisory fee. At the time of solicitation, Clients will receive this Brochure along with a disclosure contained within our Investment Management Agreement that states the name of the Solicitor, nature of the relationship and a description of the compensation to be paid to the Solicitor. This arrangement may create an incentive for the Solicitor to refer Clients to Quartz rather than another investment adviser or investment company solely based on the compensation the Solicitor receives.

**B. OTHER COMPENSATION**

Quartz and its employees may from time-to-time receive an indirect economic benefit from Custodians, ETFs or Fund companies it maintains a relationship with. These benefits are not related to transactions and may include operational support, discounted services, marketing support, and complimentary lodging and meals at sponsored events. The receipt of economic benefits whether direct or indirect creates a conflict of interest and may influence Quartz and our employees' decision to do business with these companies. Our Chief Compliance Officer monitors these activities to ensure this does not dissuade Quartz or their employees from acting in the Clients' best interest.

**ITEM 15. CUSTODY**

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Quartz requires Clients to open their account with an unaffiliated qualified Custodian. If provided authority by the Client, Quartz will instruct the Custodian to debit advisory fees directly from Client accounts. However, Quartz does not have authority to possess or take actual custody of Clients' funds or Securities. Clients should receive statements from the Custodian that hold and maintain the Client's investment assets no less than quarterly. We urge Clients to carefully review such statements to ensure accuracy and transparency of fees. Clients should contact us immediately if they feel there are any inaccuracies.

**ITEM 16. INVESTMENT DISCRETION**

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Pursuant to our Investment Management Agreement, Clients typically grant Quartz a limited power of attorney to allow us to provide Advisory Services. This authorizes us to manage discretionary investment accounts and instruct Custodians to deduct our advisory fees from that account on their behalf. Quartz's investment discretion is limited to the purchase and sale of Securities and investment of cash, and not to distributions of cash or securities (except for the limited grants of authority to facilitate withdrawal of money to the Client according to their instructions).

Many times we will not be given full investment discretion for our Institutional Model Provider, Employer Sponsored Plan or Investment Company Portfolio Management service. It is the responsibility of the Principal Advisor or Trustees to execute our recommendations.

#### ITEM 17. VOTING CLIENT SECURITIES

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We do not accept authority to vote Client securities nor do we provide information or advice about any particular solicitation. Clients receive proxies or other solicitations directly from their Custodian, ETF or Fund company.

#### ITEM 18. FINANCIAL INFORMATION

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There is no information applicable to this item.

## PRIVACY POLICY Rev. 8/16

FACTS		WHAT DOES QUARTZ PARTNERS DO WITH YOUR PERSONAL INFORMATION?	
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
What?	The types of personal information we collect and share depend on the product or service you have with us. This information may include: <ul style="list-style-type: none"><li>• Social Security number and income</li><li>• Assets and transaction history</li><li>• Account balances and investment experience</li></ul>		
How?	All financial companies need to share clients’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their clients’ personal information; the reasons Quartz Partners chooses to share; and whether you can limit this sharing.		
Reasons we can share your personal information		Does Quartz Partners share?	Can you limit this sharing?
For everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		Yes	No
For our marketing purposes – to offer our products and services to you		Yes	No
For joint marketing with other financial companies		No	No
For our affiliates’ everyday business purposes – information about your transactions and experiences		No	We don’t share
For our affiliates’ everyday business purposes – information about your creditworthiness		No	We don’t share
For our affiliates to market to you		No	We don’t share
For nonaffiliates to market to you		No	We don’t share
Questions?		Call 800-433-0422 or go to <a href="https://quartzpartners.com/privacy">quartzpartners.com/privacy</a>	

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Who we are	
Who is providing this notice?	Quartz Partners, LLC which operates under the names of Quartz Partners Investment Management and adaptInvesting.
What we do	
How does Quartz Partners protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information on how we protect your personal information go to <a href="http://www.quartzpartners.com/privacy">www.quartzpartners.com/privacy</a> .
How does Quartz Partners collect my personal information?	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>• Open an account or make deposits to or withdrawals from your account</li> <li>• Enter into an investment management agreement</li> <li>• Tell us about your investment or retirement portfolio</li> </ul> We also collect your personal information from others, such as your current or former financial professional or custodian.
Why can't I limit all sharing?	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>• Sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>• Affiliates from using your information to market to you</li> <li>• Sharing for non-affiliates to market to you</li> </ul> State laws and individual companies may give you additional rights to limit sharing.
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. <i>Quartz Partners, LLC has no affiliates but performs business under the names Quartz Partners Investment Management and adaptInvesting.</i>
Nonaffiliates	Companies not related by common ownership or control. They can be financial or nonfinancial companies. <i>Quartz Partners, LLC does not share with nonaffiliates so they can market to you.</i>
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <i>Quartz Partners, LLC does not have any joint marketing partners.</i>
Other important information	
In the course of servicing our Clients, we collect, retain and use non-public, personal information provided through sources such as investment management agreements, Client questionnaires, account applications, electronic or verbal correspondence, from Client transactions, from Custodians, or from a Client's financial professional or solicitor. As is common in the industry, nonaffiliated third-party service providers may from time to time be used to provide back-office operations and provide a better client experience. We will only disclose Client information with third party service providers if we believe it is our Client's best interest.	