



## Quartz Partners, LLC

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### Form ADV Part 2A Client Brochure

April 9, 2018

#### Item 1 - Cover Page

This Part 2A of Form ADV: Firm Brochure (hereafter “Brochure”) provides information about the qualifications and business practices of Quartz Partners, LLC. Quartz Partners, LLC primarily markets and conducts advisory business under the branding name of Quartz Partners Investment Management and, to a lesser extent, Quartz Partners Retirement Plan Services or *adapt*Investing, collectively referred throughout this document as “Quartz”. If you have any questions about the contents of this Brochure or would like to receive a copy, please contact us at 800-433-0422 or [compliance@quartzpartners.com](mailto:compliance@quartzpartners.com). The most current version of this Brochure is always available on our website, [www.quartzpartners.com](http://www.quartzpartners.com). Additional information about Quartz is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our name “Quartz Partners” or our unique CRD number, 174327.

The information contained in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (hereafter “SEC”) or by any state securities authority. 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.

## Item 2 - Material Changes

This section addresses only those changes that have been incorporated since our last Brochure update on March 20, 2017 and again on March 26, 2018 that we consider material or otherwise important to the total mix of information contained within this Brochure.

- **Item 4 - Advisory Business:** Quartz's "Employer Sponsored Plan" service is now referred to as "Pension Consulting". There has been no change to the type of services provided under Pension Consulting.
- **Item 5 - Fees & Compensation:** For Quartz's Separately Managed Account service, break-points above \$1,000,000 have been removed. Quartz's Pension Consulting service rigid fee schedule has been terminated and the maximum fee charged for this service is reduced from 0.95% to 0.85%. Existing Clients are grandfathered into the fee schedule outlined in their advisory Agreement.
- **Item 8 - Methods of Analysis, Investment Strategies & Risk of Loss:** The G2 "Growth Second" strategy is no longer being offered. The name of the "*adapt*CORE Moderate Growth" Portfolio is now "*adapt*CORE Balanced Growth", no other changes to the Portfolio have occurred.

Other immaterial changes were made throughout the document in an effort to present information clearly and concisely. This includes updating the Firm's assets under management through 12/31/2017.

**Future Changes and Brochure Availability.** From time to time, Quartz may amend this brochure to reflect changes in our business practices, changes in regulations, or routine annual updates as required under securities regulations. A summary of material changes shall be provided to each client annually and if a material change occurs in Quartz's business practices. Our most current complete Brochure is always available at [www.quartzpartners.com](http://www.quartzpartners.com) or upon request by contacting us at: (800) 433-0422, [compliance@quartzpartners.com](mailto:compliance@quartzpartners.com) or mailing a written request to 17 1st Street, Suite 206, Troy, NY 12180.

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## Item 4 - Advisory Business

### Description of Our Firm

Quartz is a limited liability company organized and operated in New York state. Formed in December 2014, Quartz commenced operations as an SEC registered investment adviser in January of 2015 and offers fee-based investment advisory services (hereafter “Service”). The Firm is unaffiliated with any other person or company and is equally owned and operated by Joseph William Arena, Managing Director and Chief Investment Officer, and Kyle Patrick Webber, Managing Director and Chief Compliance Officer.

### Advisory Services Offered

Quartz primarily uses proprietary asset allocation strategies (hereafter “Strategy”) to guide investment decisions in an attempt to monitor our advisory clients’ (hereafter “Client”) investments and manage portfolio risk within a Client account (hereafter “Account”) 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. An active asset or tactical asset allocation methodology differs from strategic asset allocation, or buy-and-hold strategy, which typically adheres to rigid asset class mixes and buy-and-sell rules. Our advisory services are typically appropriate for clients with at least a 5-year time horizon for their account. Please see “Item 8. Methods of Analysis, Investment Strategies & Risk of Loss” for more details on our investment Strategies, multi-strategy portfolios (hereafter “Portfolios”) and the risks associated with our investment analysis and methodology.

We limit our investment advice and the investments that we utilize in Client Accounts to exchange-traded products (hereafter “ETPs”), pooled investment vehicles (hereafter “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 ETPs, 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 Separately Managed Account (hereafter “SMA”), Dual-Contract SMA or Model Delivery Program (hereafter “MDP”) 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, Quartz will only provide investment advice concerning the investment options available within the Client’s variable annuity policy rather than the policy’s terms, riders, etc.

### Types of Advisory Services:

- **Separately Managed Account:** Quartz provides discretionary Services to SMA clients based on the Client’s individual goals, objectives, time horizon, and risk tolerance. Unless otherwise stated, our SMA Service requires that Clients grant Quartz full investment discretion. Ultimately, with the help of a Financial Professional and a guided questionnaire, a Client’s Account will be invested in one or more Quartz Strategies or Portfolios. Quartz has an ongoing responsibility for identifying the Client’s financial situation and needs, determining suitability, advisory fee billing, service requests, investment decisions, security selection, day-to-day portfolio management of the assets, and/or the general timing in which to effect securities transactions, along with continuously monitoring and managing the Client Account congruent with the Quartz Strategy or Portfolio selected. From time-to-time, a custom Strategy or investment portfolio based on a Client’s request or their unique circumstance may be designed and implemented.
- **Dual-Contract Separately Managed Account:** Quartz also provides its Strategies to SMA clients in what is referred to as a “dual contract” arrangement, which differs from the SMA description above in that the Client simultaneously engages both Quartz and a Financial Intermediary (e.g. unaffiliated broker-dealer, registered

investment adviser, insurance agency). Quartz has an ongoing responsibility for the investment management component which includes: investment decisions, security selection, day-to-day portfolio management of the assets, and/or the general timing in which to effect securities transactions, along with helping to continuously monitor and manage the Client Account congruent with the Quartz Strategy or Portfolio selected. The Financial Intermediary is responsible for other duties including identifying the Client's financial situation and needs, determining suitability, custodian selection, advisory fee 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 provides investment advisory services on a non-discretionary basis for our Model Delivery Program (hereafter "MDP"). Quartz may provide Strategy allocations pertaining to one or more of its Strategies to Financial Intermediaries who sponsor an investment management platform (hereafter "Platform Sponsors"). Under this type of agreement, Quartz has an ongoing responsibility for investment decisions, security selection, day-to-day portfolio management of the assets, and/or the general timing in which to effectuate securities transactions, along with helping to continuously monitor and manage the Client Account congruent with the Quartz Strategy or Portfolio selected. Unlike Quartz's discretionary SMA services, Quartz is not *solely* responsible for maintaining and managing MDP managed accounts. Quartz is solely responsible for updating the Platform Sponsor with any changes made to a Strategy's target asset allocation. The Platform Sponsor and/or associated Financial Professional is responsible for determining the Client investment objectives, risk tolerance, and trade execution based upon Quartz's instructions. In the absence of ultimate trading discretion, performance in MDP Accounts may differ from that of Clients for which we maintain trading discretion.
- **Pension Consulting:** Quartz provides investment advice, certain administrative oversight, and consulting services to employer sponsored retirement plans (hereafter "Pension"). Quartz offers the following Pension Services either as omnibus or a la carte depending on a Pension Sponsors unique needs.

*Service Provider Management:* Quartz oversees and maintains a relationship with all Pension service providers, including but not limited to the third-party administrator, record keeper, and custodian. If deemed appropriate, Quartz will lead the search and due diligence for new service providers and negotiate contractual arrangements with the Pension plan and Sponsor. Quartz will act as a liaison between Pension Sponsor and/or Pension Participants on an "as needed" basis to facilitate ongoing management, service and compliance.

*Plan Design:* Quartz will determine the unique needs, requirements, and goals of the Client. Quartz will then work with the third-party administrator to design, draft and implement the Pension "Plan Document" which is a formal document that addresses the policies, procedures, administration and participant benefits of the Pension. Quartz will then prepare a written Investment Policy Statement (hereafter "IPS") which shall encompass objectives, asset class guidelines, performance monitoring, duties and responsibilities, implementation of investment options, and expense monitoring.

*Investment Menu:* Quartz will provide investment recommendations and ongoing monitoring of Pension investment options. Unless Quartz agrees in writing to be appointed as a discretionary ERISA 3(38) investment manager, our recommendations will only be implemented at the Pension trustee's sole discretion. We are responsible for making prudent recommendations for the list of available Securities by researching Securities and ensuring that a properly diversified list of options, including a qualified default investment alternative (hereafter "QDIA") is made available. At times, our proprietary Strategies and/or Portfolios will be made available to Participants at no additional charge. When a Participant selects our Strategies and/or Portfolios rather than selecting individual securities, Quartz has an ongoing responsibility for investment

decisions, security selection, day-to-day portfolio management of the assets, and/or the general timing in which to effectuate securities transactions.

*Educational Support:* Quartz provides educational support to both Pension Sponsors and participants which includes advising them on the Pension's investment options, features, benefits, online account access, regulatory updates, enrollment and servicing paperwork.

*Participant Investment Consultation:* Quartz or an assigned Financial Professional will meet individually with those participants who desire assistance in constructing a participant directed portfolio or choosing a Quartz investment Strategy or Portfolio under the Pension. 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.

Pension Plan Consulting Limited Scope of Advice: Quartz does not provide or have any responsibility to provide any Services with respect to the following: employer securities, real estate, loans, non-publicly traded securities or assets, illiquid investments, legal or tax advice.

- **Investment Company Portfolio Management:** Quartz offers portfolio manager or sub-adviser Services to Funds and/or ETPs. 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. Full investment discretion is typically granted. Contractual terms between the Investment Company and Quartz shall be the sole responsibility of the Investment Company.

### **Tailored Advisory Services**

With the help of guided questionnaires, information collection and consultation with a Financial Professional, the appropriate Quartz Strategy(s) and/or Portfolio(s) will be identified given the Client's financial situation, investment objectives, age, and risk tolerance. Not all Financial Professionals aiding in this process may be supervised by Quartz. Quartz offers the same suite of services to all Clients within the same type of Service.

Clients are allowed to impose reasonable restrictions in accordance with their values, beliefs or unique situation on the Services we provide and the investment management of their Account. A proposed restriction will be considered unreasonable if it is inconsistent with Quartz's stated investment objectives or nature of the Strategy. If a proposed restriction is determined to be unreasonable, Quartz will request the Client to modify or withdraw the restriction. At Quartz's sole discretion, we reserve the right to end an advisory relationship if we believe a Client's imposed restriction is detrimental in servicing or managing a Client Account. The potential impact of any restrictions on investment performance should be carefully considered.

### **Wrap Fee Programs**

Quartz does not sponsor a wrap fee program (hereafter "Wrap Program"). However, Quartz offers its Strategies and Portfolios to Clients of Financial Intermediaries who sponsor a Wrap Program ("Platform Sponsor"), typically under Quartz's MDP Service. Wrap Programs are investment management programs in which a Client pays one stated monthly or quarterly Wrap Program fee based upon a percentage of the value of the assets under management in which the expenses arising from investment advice, investment management, trading and custodial service are "bundled". Our participation in these Wrap Programs pays Quartz a flat asset-based advisory fee in return for providing the investment management component of the Wrap Program. Clients should carefully evaluate the fees for the services provided under a Wrap Program, including the identification of infrequent



trading activity or transaction-based expenses not covered by the Wrap Program fee. Quartz does not manage Wrap Program accounts differently than non-Wrap Program accounts, barring restrictions not placed by Quartz.

### Assets Under Management

As of December 31, 2017, Quartz receives fees on a total of \$58,237,049 of Client assets. Of this, Quartz managed \$49,707,886 in discretionary assets under management. The remaining \$8,529,163 are non-discretionary assets under management in which we do not have full investment trading discretion. These non-discretionary assets under management are typically comprised of Dual-Contract SMAs, MDPs, and Pension Consulting in which Quartz does not serve in the capacity as 3(38) investment manager.

## Item 5 - Fees & Compensation

### Advisory Fee Schedule

Quartz provides our Services on a continuous fee-only basis calculated as a percentage of the total Account value including all cash and Securities (hereafter “asset-based fee”). The proceeding section describes the maximum allowable asset-based fees for the Services we supply. Asset-based fees are negotiable, and Quartz may adjust asset-based fees downward at our sole discretion. Any modification to our advisory fee schedule will be explicitly defined and memorialized in writing and shall be effective (30) days after written notice is provided to the Client. Clients should consider that other Financial Professionals or Financial Intermediaries may offer similar or more comprehensive services, and/or the same Securities utilized in Quartz Strategies, for comparable or lower asset-based fees.

- **Separately Managed Account:** SMA accounts are billed quarterly in advance. The initial asset-based fee is calculated based on the total initial account value. Subsequent asset-based fees will be calculated based on the ending value on the last day of the previous quarterly billing period. Unless otherwise restricted, asset-based fees will be deducted automatically from a Client’s Account. 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 (hereafter “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 SMAs are as follows:

Client Aggregate Assets	Annual Asset-Based Fee %
\$0 to \$249,999.99	2.00%
\$250,000 to \$499,999.99	1.80%
\$500,000 and over	1.50%

- **Dual-Contract SMA and Model Delivery Program:** Dual-Contract SMAs and Model Delivery Program will be assessed an asset-based fee on the assets managed by Quartz at an annual rate up to 0.75% (75 basis points). The Financial Intermediary or Platform Sponsor will calculate and automatically bill a Client account that is subscribed to one of our Strategies and remit asset-based fees owed to Quartz. The specific asset-based fee and schedule will be determined through negotiations with the Financial Intermediary or Platform Sponsor and shall be defined and memorialized in an Agreement. Generally, breakpoints are not offered.



- **Pension Consulting:** Pensions will be assessed an asset-based fee up to 0.95% prorated and charged quarterly, typically 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. Pension Sponsors will authorize either a third-party administrator, record keeper or another unaffiliated Pension service provider to calculate and facilitate the debiting the Pension for the amount of our asset-based fee and to directly remit that fee to Quartz in accordance with applicable custody rules. Fees shall be paid either by the Pension Sponsor or directly out of the participants' account. If a portion of the fees are paid via a participant's accounts, the Pension, custodian or record keeper will properly disclose fees as a line item on account statements. 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 the selection of a Pension service provider or a participant's selected investment options. The specific fee amount, schedule, and breakpoints will be determined through negotiations with the Pension Sponsor and shall be defined and memorialized in an Agreement.

Certain Pension sponsors may require a fixed dollar-based fee schedule as an alternative to an asset-based advisory fee schedule. Under this scenario, the specific fee amount and schedule will be negotiated and approved by the Pension sponsor and explicitly defined within an investment management agreement.

- **Investment Company Portfolio Management:** Quartz will typically receive fees monthly in arrears at an annual asset-based fee of up to 1.00% (100 basis points). The specific fee amount, breakpoints and schedule will be approved by the Investment Company and Funds Trustees and explicitly defined within an Agreement.

#### **Payment of Advisory Fees**

Unless otherwise stated, our asset-based fees are deducted from Client Accounts by the Custodian based on the specific advisory fee schedule contained within the Agreement unless the Client or Custodian explicitly restricts the deduction of asset-based fees from a Client Account. Unique circumstances or restrictions may arise in which, at Quartz's sole discretion, asset-based fees are paid via check or electronic transfer from a Client's bank account. Since fees are typically directly deducted from Client Accounts, we require Clients to understand and acknowledge that:

1. The Client's Custodian or record keeper must agree to send statements, no less than quarterly, indicating all transactions and amounts disbursed from the account including trading activity and the amount of asset-based fees paid to Quartz;
2. The Client's Custodian provides the Account values to Quartz which are used to calculate asset-based fees; and
3. The Client will contact Quartz immediately if statements are not received at least quarterly or seem incomplete or incorrect.

#### **Other Non-Advisory Fees**

In addition to Quartz's asset-based fees described above, Clients will likely incur and be responsible for additional expenses from entities which are unaffiliated with Quartz. Quartz is not responsible for payment of non-advisory fees contained within this section and we do not receive any portion of these non-advisory fees and expenses.

- **Custodial Fees:** A Custodian's general function is to hold Client assets and securities in an Account titled in the Client's name while typically providing some or all of the following services; trade execution, facilitation of Account deposits and withdrawals, electronic fund and wire transfer, delivering regular Client statements, Account closure, check writing, certificates of delivery, reorganization, short-term redemptions and other services related to a Client Account. Custodians may impose charges for some or all of the aforementioned services, as well as regulatory fees, and transfer taxes mandated by law. Employer Sponsored Plans may incur

additional administrative expenses charged by third party administrators, record keepers and other Pension service providers.

- **Fund and ETP Expenses:** Funds and ETPs have an “expense ratio”, which is a measure of the cost to operate the Fund or ETP. The expense ratio consists of investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses related operating a Fund or ETP as set forth in the prospectus of a Fund or ETP. These operating expenses are paid by the Funds or ETPs but ultimately are borne by Clients as shareholders as they are deducted from the share price of the Fund or ETP. The expense ratio is calculated by dividing a Fund or ETP operating expenses by the average dollar value of the total assets within the Fund or ETP.
- **Taxes:** Depending on the Account type, Clients may incur tax consequences for profits from the sale of investments, capital gains, dividends, distributions, etc. associated with their Account. Quartz Strategies are not managed for tax efficiency and Accounts may experience adverse tax consequences related to short-term holding periods for non-qualified accounts that do not benefit from a tax exempt or a tax deferred status. Clients should speak with a tax professional about the specific tax treatment and ramifications for each Account. Further, withdrawals from a Client’s variable annuity 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 asset-based fee. We encourage all Clients to speak with a tax professional, especially those engaging in our Variable Annuity Overlay Service.

### **Terminations and Refunds**

The Agreement between Quartz and the Client and the advisory services provided thereunder will continue in effect until terminated by either party by written notice in accordance with the terms of the Agreement. Depending on the Service provided, Clients may be required to pay asset-based fees in advance. Advisory fees for Accounts opened or terminated during a billing period that are paid in advance will be refunded pro rata based on the number of days the Account was managed during the billing period. Quartz does not charge Clients a cancellation fee for terminating their Account(s). However, if no termination notification is provided to Quartz, we will consider the Account to remain active until the date that either a zero balance or an Account closure is discovered, typically the end of a quarter. SMA Clients have a “free look” period in which they will receive a full refund of our asset-based fees if they choose to terminate their Account within (30) days from the date our Agreement is signed. However, Client Account(s) will be assessed any market value changes and other non-advisory fees, as applicable, during that time period which may result in a gain or loss to the Client’s original investment.

### **Compensation for the Sale of Securities**

Neither Quartz nor our supervised persons accept trading commissions, sales commissions, asset-based sales charges, loads, markups, service fees or distribution fees (hereafter “12b-1 fee”) from Fund companies as it relates to the Services provided by Quartz. When utilizing Funds, Quartz only recommends Funds that are both no-load and non-transaction-fee based Funds.

However, some unsupervised Financial Professionals who recommend our Services may receive the aforementioned compensation arrangements through their affiliated Financial Intermediary. This activity is unaffiliated with Quartz. 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 Services.

## Item 6 - Performance-Based Fees

Quartz does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a Client.

## Item 7 - Types of Clients

### Minimum Account Size

The minimum account size for new and existing Client relationships is \$10,000, unless otherwise stated or if the value drops below the minimum level due to market fluctuations. Exceptions to this policy may be made at Quartz's sole discretion. Clients should be aware that small Accounts may not be able to invest in every Security selected by Quartz due to their share price and absence of partial share purchases. Custodians, Financial Intermediaries and Investment Companies may have their own minimum requirements or minimum fees.

### Types of Clients Served

We seek to provide our Services to the following clientele:

- Charitable Organizations
- Estates
- Financial Intermediaries & Professionals
- Individuals
- Insurance Companies
- Investment Companies
- Pension & Profit Sharing Plans
- Trusts

## Item 8 - Methods of Analysis, Investment Strategies & Risk of Loss

### 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 Market Dynamics. Market Dynamics is defined as measures such as momentum, value, and investor sentiment. Technical analysis may be employed at times in order to seek inflection points, identify overbought and oversold conditions, and to conduct relative strength analyses. Using these inputs, we create Security allocations within the parameters of each Strategy. The general asset class mix is typically the first decision, i.e., the strategy allocations to stocks, bonds, and/or cash. Then, decisions are made on factors including but not limited to market capitalization, momentum, style, sector, geography, and credit quality. 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.

### Investment Strategies

The Strategies below do not attempt to target a particular level of risk over short periods. Instead, flexible risk levels are undertaken with a goal of aligning strategies with their stated risk objective over a full market cycle, which typically lasts more than 5 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 and have a time horizon of no less than 5 years before investing in our Strategies. There is no guarantee that Quartz's goals will be achieved.

- **Quartz Equity:** The Quartz Equity is a global equity Strategy with an aggressive risk profile over a full market cycle that 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 (hereafter "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 US Treasury/government bond Securities 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 Spectrum:** The Quartz Spectrum is a multi-asset Strategy with 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 total 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, 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 US Treasury/government bond Securities 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 Yield Plus:** The Quartz Yield Plus Strategy has a moderately conservative risk profile over a full market cycle and seeks positive total returns and current income 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 US Treasury/government bond 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 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 US Treasury/government bond 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.

- **adaptCORE Portfolios:** These 4 multi-strategy portfolios are built through allocations to our Quartz Strategies to provide a total portfolio solution and 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 adaptCORE 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 adaptCORE Portfolios to Quartz Strategies. The actual percentages may change over time due to market fluctuations. Quartz periodically rebalances adaptCORE 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.

adaptCORE Portfolio	Risk Profile (full cycle)	Years to Retirement	Quartz Strategy Allocations		
			Equity	Spectrum	Yield Plus
Aggressive Growth	Aggressive	Greater than 20	60%	20%	20%
Long-Term Growth	Growth	11 to 20	40%	40%	20%
Balanced 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.*



## Risks Associated with Analysis Methods

- *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.

## Investing Risks

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.
- *Manager Risk:* Our tactical asset allocation strategies rely on our Investment Committees ability to identify the best allocation opportunities for investment within each Strategy. This creates the risk that our Investment Committees decisions will lead to periods of uncertainty and/or losses, even during rising markets.
- *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.
- *ETP General Risks:* Quartz prefers to utilize ETPs in their Strategies. ETPs 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 ETP. Moreover, an ETP 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 ETP and the index with respect to the weighting of securities or the number of stocks held. Although ETPs themselves are generally classified as equities, the underlying holdings of ETPs 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 ETPs is located in the respective prospectus of each ETP and can be furnished upon request.

- *Leveraged ETPs & Funds:* Our Strategies may invest in ETPs 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.
- *Derivative Risk:* The primary risks associated with trading derivatives are market, counterparts, liquidity and interconnection risks. Derivatives are investment instruments that consist of a contract between parties whose value derives from and depends on the value of an underlying financial asset.
- *Commodity Risk:* Investments linked to the prices of commodities may be considered speculative. Exposure to commodities may subject the Fund to greater volatility than investments in traditional securities. Therefore, the value of such instruments may be volatile and fluctuate widely based on a variety of macroeconomic factors or commodity-specific factors. At times, price fluctuations may be quick and significant and may not correlate to price movements in other asset classes, such as stocks, bonds and cash. Commodity exposure is typically achieved through either investments in futures contracts or commodity-linked notes, each of which carry unique risks.
- *Market & Systemic:* Equity, Fixed Income, and other global capital markets rise and fall daily. The performance of Client investments is, 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:* Exchange-traded notes (hereafter “ETN”) expose investors 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 (hereafter “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 ETPs including, but not limited to, certain commodity and currency ETPs, are reported annually on the Schedule K-1, and when certain commodity ETPs 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 ETPs 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:* ETPs 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 ETP or Fund will fluctuate, which means that the client could lose money.
- *Interest Rates:* When interest rates rise, bond prices usually fall, and the value of an ETP 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 ETP or Fund by lowering its yield. The longer the duration of the investments held by an ETP 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 ETP or Fund to fall. The ETP 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 ETP or Fund to underperform certain other types of bond investments, particularly those that take greater maturity and credit risks.

- *High Yield Bonds:* 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 ETPs 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 ETPs 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 ETPs 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 ETPs 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 ETPs 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 ETPs or Funds that hold foreign currency holdings and investments denominated in foreign currencies.

## **Item 9 - Disciplinary Information**

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

## Item 10 - Other Financial Activities & Affiliations

### Broker-Dealer Affiliations

Neither Quartz nor our management personnel are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

### Other Affiliations

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

### Outside Relationships and Arrangements

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 are the same or similar which will compete for Quartz's time and attention. Quartz and our management personnel do not have any relationship or arrangement that is material to our advisory business or to our Clients with any related persons below:

- Broker-dealer, municipal securities dealer or government securities dealer or broker
- Pension consultant
- Other investment adviser or financial planner
- Lawyer or law firm
- Banking or thrift institution
- Accountant or accounting firm
- Futures commission merchant, commodity pool operator, or commodity trading advisor
- Insurance company or agency
- Real estate broker or dealer
- Sponsor or syndicator of limited partnerships
- Investment company or other pooled investment vehicle

### Selection of Other Advisers

Quartz does not recommend or select other investment advisers for our Clients.

## Item 11 - Code of Ethics, Participation in Client Transactions & Personal Trading

### Code of Ethics

Quartz has adopted a Code of Ethics (the "Code") pursuant to SEC rule 204A-1 and also claims compliance with the CFA Institute's "Asset Manager Code of Professional Conduct" and "Global Investment Performance Standards". A complete copy of Quartz's Code is available for any current or prospective Client at [quartzpartners.com](http://quartzpartners.com) or upon request. The Code outlines the ethical and professional responsibilities required of Quartz supervised personnel to demonstrate a commitment to our fiduciary duties of honesty, good faith, and fair dealing. The Code covers the following areas; loyalty to clients, investment process and actions, trading, disclosures, performance and valuation, and risk management, compliance and support. The following general principles can be found throughout the Code:

- Act in a professional and ethical manner at all times
- Uphold the applicable rules governing capital markets
- Communicate with Clients in a timely and accurate manner
- Act for the benefits of Clients
- Act with independence and objectivity
- Act with skill, competence and diligence

**Recommendations Involving Quartz Financial Interests**

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.

**Investing Personal Money in Client Securities**

Quartz's supervised personnel may buy or sell Securities for themselves that they also buy or sell for our Clients. Further, other than advisory fee discounts, Accounts managed by Quartz for supervised personnel shall receive neither special advantages nor disadvantages. Our Compliance Department reviews relevant supervised personnel's Securities holdings and transactions each quarter to identify and address any potential conflicts of interest, or misdealings.

**Trading Securities Around the Same Time as Clients**

Conflicts of interest may exist when Quartz or an employee owns the same Security as a Client because of the ability to trade slightly ahead or after and potentially receive more favorable prices than the Client. Quartz's supervised personnel are strictly prohibited from engaging in this type of activity. Our Compliance Department reviews relevant supervised personnel's Securities holdings and transactions.

## Item 12 - Brokerage Practices

**Factors Used to Recommend Custodians**

Quartz requires that Clients establish a separate custodial agreement with a Custodian which authorizes Quartz to have discretion to direct trades for their Custodial Account. We periodically evaluate various Custodians to review the services provided and to determine the reasonableness of their compensation. During our evaluation we take into consideration fees, available Securities, trade execution, reputation, financial stability and customer service, among other factors. The lowest brokerage fee, while an important factor, is not always determinative in such evaluation. We generally prefer Custodians that offer a no-commission structure (e.g., an asset-based brokerage fee or non-transaction-fee Fund/ETP platform). This helps to align Client interests with our own interests and our active investment philosophy.

- **Research and Soft-Dollar Benefits:** Some Custodians offer soft-dollar arrangements to advisers, in which an adviser exercises "investment discretion" over a Client account and uses a portion of Client commissions paid to the Custodian to obtain investment research. These arrangements present a conflict of interest because there is an incentive for an adviser to direct brokerage to a particular Custodian or recommend Securities transactions more frequently than they otherwise would, based on a soft-dollar arrangement. Quartz does not have any soft-dollar arrangements or charge commission markups.
- **Brokerage for Client Referrals:** Quartz does not receive Client referrals from Custodians, broker-dealer or other third-parties in exchange for using or recommending a particular Custodian, broker-dealer, or other third party to execute Client Securities transactions or custody assets.
- **Directed Brokerage:** Quartz does not solicit or typically 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. Not all advisers require their Clients to direct brokerage and because of this, 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 (hereafter “TD”) and Folio Institutional (hereafter “Folio”) and recommend their brokerage and custody services. TD and Folio list their brokerage fees, either transaction-based or asset-based, as a separate line item from our advisory fees on Client statements. 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. Depending on statement delivery (e.g., paperless) and the type of Security transaction (e.g., market order, options) the transaction-based fee schedule charges a commission per Security transaction. TD also offers an asset-based fee schedule that includes trading costs. TD’s asset-based fee schedule automatically debits Client accounts 0.05% quarterly in arrears on eligible transaction-fee ETP and equity holdings which allows for unlimited trading. Under both the transaction- and asset-based fee schedules TD offers thousands of non-transaction fee Mutual Funds and a comprehensive list of non-transaction-fee ETPs which charge neither a transaction- or asset-based fee for Securities transactions. In an effort to reduce Client transaction costs, we use our best effort to utilize non-transaction fee Securities when available and appropriate.

Folio requires all Clients to be on an asset-based fee schedule which automatically debits Clients’ Accounts 0.017% monthly in advance on the total account value, including cash balances. This fee covers all market orders that are executed during Folio’s two stated “trading windows” at 11:00am and 2:00pm EDT. Folio charges clients a trading commission per Security transaction for limit orders and market orders executed outside of their trading window. As a Firm policy to reduce Client expenses, Quartz avoids trading outside Folio’s trading windows unless explicitly requested by a Client.

## **Trading**

A primary goal of our trading policy is to avoid giving one Client preference over another. Quartz has an incentive to favor one or more of its Clients with regard to the allocation of investment opportunities, depending on our 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.

When Quartz intends 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 almost exclusively executes market orders and 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 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 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. If incurred, Clients are responsible for these non-advisory fees.

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 timelier fashion. Folio Institutional trades will not be delayed if doing so would result in a missed trading window.
- **Special Circumstances Outside of Quartz Control:** From time to time, trading at a particular Custodian will be disrupted due to circumstances outside of our control. For example, a Custodian may have technical difficulties which delays or prevents timely trading of Client Accounts. These infrequent disruptions may lead us to temporarily modify the daily trading schedule in order to maximize the value for our Clients as a whole.

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, identify and resolve any trade errors promptly without disadvantaging the Clients.

## Item 13 - Review of Accounts

### Frequency and Nature of Account 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 30th, a written request will be sent asking Clients to supply any updated information including, but not limited to, their financial situation, investment objectives, risk tolerance, and receipt of quarterly statements and their accuracy.

### Factors Triggering a Non-Periodic Review

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. 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).

### Content and Frequency of Reports

Quartz only maintains relationships with Custodians that provide complete written reports to our Clients no less than quarterly.



## Item 14 - Client Referrals & Other Compensation

### **Economic Benefits Provided by Third Parties**

Quartz does not receive “revenue sharing” or “expense reimbursement” payments or other compensation from Fund/ETP companies, Custodians, vendors, or Platform providers associated with our Clients’ Accounts. In the event that Quartz becomes entitled to any such payments in the future and elects to receive such payments, Quartz will disclose the terms of the payments to the Client and will apply those amounts as a direct offset to fees incurred under any preexisting investment management agreement with Quartz. However, Quartz and its employees may from time-to-time receive an indirect economic benefit from Custodians or Investment Companies we maintain a relationship with. These benefits are not related to trading or other transactions and may include operational support, discounted services, marketing support, and complimentary accommodations and/or 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.

### **Compensation for Client Referrals**

Quartz markets our advisory services to other Financial Intermediaries and Financial Professionals. 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, usually 50% or more, for performing these duties. This fee will not result in Clients paying higher advisory fees. At the time of solicitation and in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940, Clients will receive this Brochure along with a disclosure contained within our 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 Financial Intermediary, solely based on the compensation the Solicitor receives.

## Item 15 - Custody

Quartz requires Clients to open their Account with an unaffiliated qualified Custodian. If provided authority by the Client, Quartz will have limited power or attorney to 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’ assets. 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

Pursuant an Agreement with Quartz, Clients typically grant us a limited power of attorney to provide Quartz with investment discretion over the Client’s Accounts. Quartz’s investment discretion is limited to the purchase and sale of Securities and investment of cash, and not to the distribution of assets (except for the limited grants of authority to facilitate withdrawal of money to the Client according to their instructions).

We may not be given full investment discretion for our Dual-Contract SMA, MDP including UMA, and Pension Consulting services. In this scenario, it is the responsibility of the Financial Intermediary or Trustees to exercise ultimate trading discretion and execution based on our instructions.



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

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, ETP or Fund company.

## **Item 18 - Financial Information**

Quartz is required in this item to provide certain financial information or disclosures about our financial condition. Quartz does not require nor solicit prepayment of more than \$1,200 in advisory fees per Client, six months or more in advance and is therefore not required to include a balance sheet with this Brochure. Quartz has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been subject of a bankruptcy proceeding.