

**Part 2A of Form ADV  
Brochure for:**

**Concentric Wealth Advisors LLC**

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**August 31, 2017**

**This brochure provides information about the qualifications and business practices of Concentric Wealth Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (503) 343-7033. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Registration of an Investment Adviser does not imply any certain level of skill or training.**

**Additional information about Concentric Wealth Advisors LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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Item 2 – Material Changes

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This is the initial filing with the State of Oregon. Concentric Wealth Advisors LLC (“Concentric Wealth Advisors” or the “Firm”) was previously registered with the Securities and Exchange Commission. Since the last filing with the SEC, the following material changes have been made to the Brochure:

- Updates the Regulatory Assets Under Management in Item 4.
- Details have been provided about the funds and accounts managed by Concentric Wealth Management.
- The Custody section has been updated to provide information about Custody with the fund-of-funds.
- On June 30, 2016, the Firm acquired Fort Rock Asset Management, LLC and, as a part of that acquisition, the Firm now provides investment advisory services to Fund-of-Fund clients.
- Item 19 has been added to include the disclosures required for state-registered advisers.

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Item 3 – Table of Contents

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**Item 4 – Advisory Business**

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***Description of the Advisory Firm and Advisory Services***

Concentric Wealth Advisors LLC is a Delaware Limited Liability Company formed in March 2015. Concentric Wealth Advisors LLC, is a wholly owned subsidiary of Concentric Wealth Holding Company LLC.

Concentric Wealth Advisors provides discretionary portfolio management services for private funds (“Fund(s)”) and separately managed accounts (each a “Separate Account Client,” and together with the Funds, “Clients”) according to the investment objectives and investment strategies described in the Funds’ offering documents and the Separate Account Clients’ investment management agreements.

Individuals and entities that invest in the Funds may include, but are not limited to, high net worth individuals, pension plans, corporations, trusts, and endowments. Each such individual or entity that invests in the Funds are “Investors.”

Concentric Wealth Advisors currently provides management services for Seven (7) private funds—Concentric Short Duration Bond Fund, LP (“Concentric SD Bond Fund”), Concentric Long Biased LP (“Concentric Long Biased”), CM Opportunistic Fund LP (“CM Opportunistic Fund”), Strong Refuge Balanced Fund LLC (“Strong Refuge Balanced Fund”) TFC Global Master Fund, L.P. (“TFC Global Master Fund”), TFC Global Fund Ltd. (“TFC Offshore Global Fund”), and TFC Global Fund, L.P. (“TFC Onshore Global Fund”). Concentric Wealth Advisors currently provides management services for two (2) Separate Account Clients, which are also sub-advised by Government Portfolio Advisors. CM Opportunistic Fund, LP, Concentric Long-Biased, LP and Strong Refuge Balanced Fund LLC are fund-of-funds (the “Fund-of-Funds”) which were acquired in connection with the Firm’s acquisition of Fort Rock Asset Management, LLC on June 30, 2016.

***Client Tailored Services and Client Imposed Restrictions***

Concentric Wealth Advisors manages client investments in accordance with the investment objectives and strategies set forth in each Fund’s offering document and each Separate Account Client’s investment management agreement. Typically, Concentric Wealth Advisors manages all Client accounts on a discretionary basis.

***Wrap Fees***

Concentric Wealth Advisors does not participate in wrap fee programs.

***Assets Under Management***

As of July 31, 2017, Concentric Wealth Advisors managed \$90,051,305 of Client assets on a discretionary basis. Concentric Wealth Advisors does not manage Client assets on a non-discretionary basis.

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**Item 5 – Fees and Compensation**

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**Management Fee**

Concentric SD Bond Fund: For its services in evaluating, selecting and, where appropriate, negotiating investments for the Concentric SD Bond Fund, and otherwise managing and administering the Fund's activities and affairs, the Fund will pay Concentric Wealth Advisors a monthly Management Fee. The Management Fee is payable in arrears and is typically equal to  $1/12^{\text{th}}$  of 0.35% (0.35% per year) of the closing Capital Account balance of each Investor for each month.

The Management Fee will be appropriately prorated to reflect any capital contributions that occur during a calendar month. If an Investor is permitted to redeem capital on a date other than the last day of a month, the Investor will be charged a pro rata portion of the Management Fee immediately prior to such redemption based on the number of days elapsed during such month and the portion withdrawn from the Investor's account.

Please consult the Fund's offering documents for complete information regarding calculation and payment of the Management Fee.

CM Opportunistic Fund: For its services in evaluating, selecting and, where appropriate, negotiating investments for the CM Opportunistic Fund, and otherwise managing and administering the Fund's activities and affairs, the Fund will pay Concentric Wealth Advisors a Management Fee. The Fund is a private vehicle typically called a "fund-of-one" and is not offered to any other investors. As the Fund only has one investor, its strategy and fee structure is a result of negotiation with the beneficial owner.

Please consult the Fund's offering documents for complete information regarding calculation and payment of the Management Fee. Concentric Long-Biased: For its services in evaluating, selecting and, where appropriate, negotiating investments for the Concentric Long-Biased, and otherwise managing and administering the Fund's activities and affairs, the Fund will pay Concentric Wealth Advisors a Management Fee. The Fund offers four classes of interests with management fees ranging from 0.5% to 1.5% per annum which are payable quarterly in advance. Such Management Fees are prorated for inter-quarter additions/redemptions.

The Management Fee will be appropriately prorated to reflect any capital contributions that occur during a calendar quarter. If an Investor is permitted to redeem capital on a date other than the last day of a quarter, the Investor will be charged a pro rata portion of the Management Fee immediately prior to such redemption based on the number of days elapsed during such quarter and the portion withdrawn from the Investor's account.

Please consult the Fund's offering documents for complete information regarding calculation and payment of the Management Fee.

Strong Refuge Balanced Fund: For its services in evaluating, selecting and, where appropriate, negotiating investments for the CM Opportunistic Fund, and otherwise managing and administering the Fund's activities and affairs, the Fund will pay Concentric Wealth Advisors a Management Fee. The Fund is a private vehicle typically called a "fund-of-one" and is not offered to any other investors. As the Fund only has one investor, its strategy and fee structure is a result of negotiation with the beneficial owner. Please consult the Fund's offering

documents for complete information regarding calculation and payment of the Management Fee.

TFC Global Funds: For its services in evaluating, selecting and, where appropriate, negotiating investments for the TFC Global Funds, and otherwise managing and administering the Funds' activities and affairs, the Funds will pay Concentric Wealth Advisors a monthly Management Fee. The Management Fee is payable in advance and is generally charged at a rate between 1.0-1.5% per year based on the balance in each Investor's account. Generally, the Management Fee is (a) 1.5% per year of each Investor's account on the portion of the account balance that is less than \$1,000,000; (b) 1.25% per year of each Investor's account on the portion of the account balance that is between \$1,000,000 and \$5,000,000; and (c) 1.0% per year of each Investor's account on the portion of the account balance that is over \$5,000,000. Investments directly held by the Funds will be deemed part of each Investor's account for the purposes of calculating the Management Fee.

As to capital contributed on a date other than the last business day of a calendar month, Concentric Wealth Advisors will be paid a prorated Management Fee. If an Investor is permitted to redeem capital on a date other than the last business day of a fiscal quarter, the investor will not receive any refund of any Management Fee as to the remaining portion of the fiscal quarter.

Please consult the Fund's offering documents for complete information regarding calculation and payment of the Management Fee.

Separate Account Clients: Concentric Wealth Advisors' compensation is negotiable, but, typically, Concentric Wealth Advisors charges a fixed fee to its Separate Account Clients based on the advisory needs of each Separate Account Client.

Please consult each Separate Account Client's investment management agreement for complete information regarding calculation and payment of the Management Fee.

### **Incentive Allocation**

TFC Global Funds, CM Opportunistic Fund, Concentric Long-Biased: Concentric Wealth Advisors will also receive an Incentive Allocation from Investors' accounts in the TFC Global Funds, CM Opportunistic Fund, and Concentric Long-Biased. The Incentive Allocation generally will be equal to 20% of the net realized and unrealized appreciation in the net asset value of the TFC Global Funds, and equal to up to 10% of the net realized and unrealized appreciation in the net asset value of the Concentric Long-Biased (as adjusted for withdrawals during the fiscal quarter) but only to the extent such appreciation exceeds the "high water mark," meaning that an Incentive Allocation will only be paid for the calendar year if the appreciation in the net asset value exceeds any depreciation in that net asset value that has not been recouped. The CM Opportunistic Fund is a private vehicle typically called a "fund-of-one" and is not offered to any other investors. As the Fund only has one investor, its strategy and fee structure is a result of negotiation with the beneficial owner.

The Incentive Allocation is paid to Concentric Wealth Advisors as of the end of each calendar year.

**Please consult the Funds' offering documents for complete information regarding calculation and payment of the Incentive Allocation.**

Concentric Wealth Advisors does not charge an Incentive Allocation to the Concentric SD Bond Fund or Strong Refuge Balanced Fund.

Concentric Wealth Advisors charges a performance fee to applicable Separate Account Clients as disclosed in each Separate Account Client's investment management agreement.

### **Expenses**

Each Fund (except for the Concentric SD Bond Fund) and Separate Account Client will pay or reimburse Concentric Wealth Advisors for all costs and expenses incurred by or on behalf of each Fund or for its benefit, including all organizational expenses of the Funds and Separate Account Clients, any expenses incurred in connection with the offer and sale of Fund Interests, and the operating expenses of the Funds and Separate Account Clients (including brokerage commissions, order management systems, execution management systems and other transaction related compensation arising out of transactions involving assets of the Funds; interest on margin and other borrowings; interest and other borrowing charges on securities sold short; custodial fees; research fees and expenses, including for data and research subscriptions used to identify investments, legal, accounting and audit fees and expenses; administration fees and expenses; tax preparation fees and expenses; governmental fees and withholding, transfer and other taxes; accounting, bookkeeping, appraisal and other professional fees; filing fees; costs of reporting; costs of governance activities; travel and other expenses relating to sourcing and investigating investment opportunities; the cost of insurance, including D&O and E&O insurance; extraordinary expenses; and all other expenses related to the management and operation of the Funds and/or the purchase, sale or transmittal of assets of the Funds, as shall be determined by Concentric Wealth Advisors in its reasonable discretion).

The Funds and Separate Account Clients may each amortize their respective organizational expenses over a sixty-month period. Although amortization of such expenses over a sixty-month period is a divergence from generally accepted accounting principles ("GAAP"), Concentric Wealth Advisors may determine that doing so is more equitable than requiring the initial investors in the Funds, as applicable, to bear all of such expenses as would otherwise be required under GAAP. Concentric Wealth Advisors may, in the alternative, elect to adjust the financial statements for the Funds to be in accordance with GAAP.

Except as described in the previous paragraphs, Concentric Wealth Advisors will bear its own operating, general, administrative and overhead costs and expenses. Additionally, Concentric Wealth Advisors will bear the expenses of the Concentric SD Bond Fund.

**Please review each Fund's offering documents for complete Expense information.**

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**Item 6 - Performance-Based Fees and Side-By-Side Management**

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Concentric Wealth Advisors charges a performance-based fee—that is a fee based on a share of capital gains on or capital appreciation of the assets of the TFC Global Funds and Concentric Long Biased LP and CM Opportunistic—in the form of an Incentive Allocation. See “Incentive Allocation” under “Item 5 – Fees and Compensation” above.

The Incentive Allocation provisions creates an incentive for Concentric Wealth Advisors to make investments in the Funds that are riskier or more speculative than would be the case in the absence of Incentive Allocations to Concentric Wealth Advisors based on performance of the Funds.

Differences in Concentric Wealth Advisors’ compensation arrangements among its clients, particularly if some clients were to pay higher performance-based compensation, could create incentives for Concentric Wealth Advisors to manage client portfolios so as to favor those portfolios of clients paying higher performance-based compensation, as could Concentric Wealth Advisors’ ownership interest in some client accounts. Notwithstanding these conflicts, Concentric Wealth Advisors will allocate transactions and opportunities among the various client accounts it manages in a manner it believes to be as equitable as possible, considering each account’s objectives, programs, limitations and capital available for investment, but even accounts with similar objectives will often have different investment portfolios.



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**Item 7 – Types of Clients**

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Concentric Wealth Advisors' Clients include the pooled investment vehicles that it sponsors, fund-of-funds, as well as Separate Account Clients. Separate Account Clients include accounts for high net worth individuals.

The minimum investment for the Funds ranges from \$500,000 to 1,000,000, depending on the Fund, which may be altered on a case-by-case basis subject to negotiation with Concentric Wealth Advisors. There is no minimum amount for opening and maintaining a Separate Account.

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

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***Investment Strategy***

Concentric Wealth Advisors manages each Client's portfolio based on the investment policy statement that accompanies the confidential offering documents or investment management agreement. The investment policy statement outlines the portfolio objectives, time horizon, risk tolerances, performance expectations, and the duties and responsibilities expected of Concentric Wealth Advisors.

***Investment Selection***

Concentric Wealth Advisors typically offers advice on the following types of securities: (1) equities (exchange listed, over-the-counter, and certain foreign issues); (2) corporate debt securities; (3) municipal debt securities; (4) United States government securities; (5) certificates of deposit; (6) exchange traded funds; (7) mutual funds; (8) options; (9) master limited partnerships; and (10) warrants. In addition, Concentric Wealth Advisors offers Clients fund-of-funds that invest in independent hedge funds.

When appropriate to the needs of the Client, the Firm may recommend the use of short-term trading (securities sold within 30 days of purchase), margin transactions, short sales and/or option writing as investment strategies. Because these investment strategies may involve increased risk of loss, they are only recommended when consistent with the Client's stated tolerance for risk.

Concentric Wealth Advisors is only limited in the types of investments it may make for Client portfolios by each Client's investment management agreement.

The above description is a simplified summary of the strategies Concentric Wealth Advisors employs. Clients can find further detail about the strategies in the sub-advisory agreement and should only make an investment decision after careful review of all those details and the risks relevant to the strategy.

***General Risks***

All investing involves a risk of loss and Clients should be prepared to bear losses on their investments, including the loss of the entire investment. Past results are not necessarily indicative of future results. Client assets may achieve gains and losses due to broader changes in the financial markets; however, gains and losses are also based on Concentric Wealth Advisors' investment acumen and securities selections, and may be impacted by other factors including market volatility, corporate activity, regulatory oversight, trading volume and money flows. The Clients pay fees and expenses that will reduce returns. Concentric Wealth Advisors may implement a variety of investment strategies and techniques, in addition to those described above, and may invest Clients in a wide array of investments, each of which may have diverse associated risks, including counterparty risk, credit risk and liquidity risk. Client assets or certain classes of interest or shares may be leveraged, which increases the risk of investment loss, and their performance may be volatile.

*Reliance on the Investment Manager.* The success of the Clients depends primarily on the ability of

Concentric Wealth Advisors, as Investment Manager, and particularly on its investment professionals, to develop and implement the Clients' investment strategies to achieve each Client's investment objective. Each of Concentric Wealth Advisors' investment professionals devotes a substantial amount, but not all, of his time to managing the Client portfolios; however, he may devote some of his time to other activities, including other investment activities. The Clients' investment performance could be materially and adversely affected if one or more of Concentric Wealth Advisors' investment professionals was to cease to be involved in the active management of the business of the Client portfolios. Clients have no right or power to take part in the management of their portfolios, unless stipulated in the investment management agreement.

### ***Exchange Traded Fund Risks***

Through its investments in Exchange Traded Funds ("ETFs"), the Clients will be subject to the risks associated with the ETFs' investments. The value of the Client portfolios is based primarily on the prices of the ETFs that Concentric Wealth Advisors purchases. In turn, the price of each ETF is based on the value of its securities. The prices of these securities changes daily and each ETF's performance reflects the risks of investing in a particular asset class or classes. Certain of the ETFs reflect the risks of equity investing, while others reflect the risks of investing in fixed income securities, foreign securities or a combination of these types of securities. An overview of the principal risks of the ETFs is provided below. The degree to which the risks described below apply to the Fund varies according to its asset allocation.

*Commodities Risk.* The Clients' exposure to the commodities markets may subject Clients to greater volatility than investments in traditional securities. The value of commodity-linked financial instruments may be affected by changes in overall market movements, commodity benchmarks, volatility, changes in interest rates, or factors affecting a particular industry, commodity or currency, such as drought, floods, fires, weather, livestock disease, pipeline ruptures or spills, embargoes, tariffs and international economic political and regulatory developments.

*Concentration Risk.* An ETF may, at various times, concentrate in the securities of a particular industry, group of industries or sector, and when an ETF is overweighted in an industry, group of industries or sector, it may be more sensitive to any single economic, business, political, or regulatory occurrence than an ETF that is not overweighted in an industry, group of industries, or sector.

*Equity Risk.* The prices of equity securities in which the ETFs invest 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.

*Asset Allocation Risk.* Each Clients' particular asset allocation can have significant effect on performance. Asset allocation risk is the risk that the selection of the ETFs and the allocation of assets among the ETFs will cause the Clients' portfolios to underperform other funds with a similar investment objective. Because the risks and returns of different asset classes can vary

widely over any given time period, the Clients' performance could suffer if a particular asset class does not perform as expected.

*Exchange Traded Vehicle Risk.* While the risks of owning shares of an ETF generally reflect the risks of owning the underlying investments of the ETF, lack of liquidity in an ETF can result in its value being more volatile than the underlying portfolio investments.

*Liquidity Risk.* Trading in shares may be halted because of market conditions or for reasons that, in the view of an exchange, make trading in shares inadvisable. In addition, trading in shares is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules. There can be no assurance that the requirements necessary to maintain the listing of the shares of the Fund will continue to be met or will remain unchanged.

*Market Risk.* Investments in securities in general are subject to market risks that may cause their prices to fluctuate over time. The ETFs' investments may decline in value due to factors affecting securities or commodities markets generally, such as real or perceived adverse economic conditions or changes in interest or currency rates, or particular countries, segments, economic sectors, industries or companies within those markets. The value of securities convertible into equity securities, such as warrants or convertible debt, is also affected by prevailing interest rates, the credit quality of the issuer and any call provision. Fluctuations in the value of securities and financial instruments in which an ETF invests will cause the net asset value of the ETF to fluctuate. Historically, the markets have moved in cycles, and the value of the ETF's securities may fluctuate drastically from day to day. Because of its link to the markets, an investment in the Fund may be more suitable for long-term investors who can bear the risk of short-term principal fluctuations, which at times may be significant.

*ETF Investment Risk.* The Clients are subject to the same risks as the ETFs, except the Fund may have the benefit of additional diversification. While the risks of owning shares of an ETF generally reflect the risks of owning the underlying securities of the ETF, lack of liquidity in an ETF can result in its value being more volatile than the underlying portfolio securities. In addition, certain of the ETFs may hold common portfolio positions, thereby reducing the diversification benefits of an asset allocation style.

### ***Portfolio Investment Risks***

*General Economic and Market Conditions.* The success of the Clients' investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, developments in governmental regulation and national and international political circumstances. These factors may affect the markets for ETFs the Clients holds. Unexpected volatility or illiquidity could impair the Clients' profitability or result in losses.

*Investment and Trading Risks.* **An investment with Concentric Wealth Advisors involves a high degree of risk, including the risk that the entire amount invested may be lost.** Concentric Wealth Advisors will invest Clients in and actively trade ETFs and other financial instruments using strategies and investment techniques with significant risk characteristics,

including risks arising from the volatility of the equity markets and the leverage associated with trading on margin with respect to Class B Shares. No guarantee or representation is made that Concentric Wealth Advisors investment program will be successful.

*Arbitrage Strategies.* The success of trading activities will depend on Concentric Wealth Advisors' ability to identify overvalued and undervalued investment opportunities in ETFs and to exploit price discrepancies in the ETFs. Identification and exploitation of the trading strategies involves uncertainty. No assurance can be given that Concentric Wealth Advisors will be able to correctly locate trading opportunities or to exploit price discrepancies in the capital markets. A reduction in the pricing inefficiency of the markets in which Concentric Wealth Advisors will seek to invest will reduce the scope for the Clients' investment strategy. In the event that the perceived mispricings underlying the Clients' arbitrage positions were to fail to converge toward, or were to diverge further from, relationships expected by the Concentric Wealth Advisors, the Clients may incur a loss. Concentric Wealth Advisors' arbitrage strategies may result in greater portfolio turnover and, consequently, greater transactions costs.

*Use of Leverage.* Leverage through margin borrowing and other means is part of the core investment strategy for Class B Shares. Concentric Wealth Advisors expects to leverage the Class B Shares' investment positions by borrowing funds from securities brokers, banks or others. Leverage increases both the possibilities for profit and the risk of loss.

*Concentration of Investments.* Concentric Wealth Advisors is not limited in the amount of capital that may be committed to any single investment, industry or sector, unless stipulated by a Client's investment management agreement. Although Concentric Wealth Advisors generally intends to limit Clients' investments in a particular ETF to 35% of equity capital (measured at the time of purchase) and generally attempts to spread capital among a number of ETFs, at times it may hold a relatively small number of positions, each representing a relatively large portion of Clients' capital. Clients may at times have a relatively large portion of capital exposed to a particular industry or market sector. Losses in one or more large positions, or a downturn in an industry or market sector in which Clients are concentrated, could materially adversely affect the performance of Client portfolios in a particular period and could have a materially adverse effect on the overall financial condition of the Client portfolios.

*Timing of Gains and Losses.* Some of the Concentric Wealth Advisors' investments will be in positions the Clients must hold for significant periods before the success or failure of the investment becomes apparent or any gains can be realized. It may take longer for successful investments to realize their potential than for unsuccessful ones to reveal their weaknesses.

*Non-U.S. Investments.* Concentric Wealth Advisors may invest in global ETFs that include securities of non-U.S. companies. These may include securities issued by companies in, and traded in, so-called "emerging markets." Non-U.S. investing, and investing in emerging markets in particular, will subject such ETFs (and the Clients indirectly) to certain risks not typically associated with investing in securities in the United States. Many non-U.S. stock markets are not as developed or efficient as those in the United States and may be more volatile than U.S. markets. The costs and expenses of investing in non-U.S. markets are generally higher than in the United States. There is generally less publicly available information about non-U.S. companies as compared with U.S. companies. This makes it more difficult for

Concentric Wealth Advisors to keep informed of corporate action that may affect the price of a particular global ETF. Additionally, some non-U.S. economies are less stable than the U.S. economy, due to, among other things, volatile political environments, less stable monetary systems and/or external political risks.

*Portfolio Turnover.* Clients may have higher portfolio turnover than other investment portfolios. If that occurs, the brokerage commissions incurred by Clients may be higher than those incurred by portfolios with a lower portfolio turnover rate.

*Fees and Commissions are Charged Regardless of Profitability and are Subject to Change.* The Fund is subject to substantial charges payable irrespective of profitability. Included in these charges are management fees, brokerage fees and operating expenses.

*Money Market Instruments.* Investment of all or a significant portion of Client assets in money market instruments could prevent Clients from achieving their investment objectives. Money market instruments, like all debt instruments, face the risk that the instruments will decline in value because of changes in interest rates. The prolonged low interest rate environment has pressured returns on money market mutual funds.

### ***Fund-of-Fund Risks***

Investment in the Fund-of-Funds presents potentially significant risks and is not intended as a complete investment program. Investing in securities involves risk of loss that investors should be prepared to bear. The following material risks relate generally to the investment strategy and methods of analysis for each Fund-of-Fund. Not all of these risks will be equally relevant to each Fund-of-Fund that we manage at any time. Additional risks relating to certain specific strategies of certain Fund-of-Funds are described below.

***Nature of Securities Investments.*** Each Fund-of-Fund, through the underlying Portfolio Funds, will be investing substantially all of its assets in securities, some of which may be particularly sensitive to economic, market, industry, interest rate movements and other variable conditions. The markets in which each Fund-of-Fund expect to invest have in recent years experienced losses and may continue to experience significant volatility. No assurance can be given as to when or whether adverse events might occur that could cause significant and immediate losses to the Fund-of-Funds.

***Risks of Portfolio Manager Strategies and Execution.*** A Portfolio Manager may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Firm. These strategies may involve risks under some market conditions that are not anticipated by the Portfolio Manager, the Firm, or a Fund. The Portfolio Managers may use investment strategies that differ from those typically employed by traditional managers of portfolios of stocks and bonds, or may diverge from the strategy disclosed to the Firm. The strategies employed by the Portfolio Managers may involve significantly more risk and higher transaction costs than more traditional investment methods. In addition, Portfolio Managers may not execute their strategy efficiently or consistent with past practices or its disclosure, leading to underperformance or losses to a Fund. A Fund will seek to reduce these risks by spreading the exposures of the Fund among a variety of different Portfolio Managers. However, it is possible that the performance of the Portfolio Managers may be closely correlated in some market conditions, resulting (if those returns are negative) in significant

losses to the Fund and its investors. Many of the Portfolio Managers are dependent on the services of a small number of persons and the loss of any such person's services could have a materially adverse effect on a Fund's investment with such Portfolio Manager. Furthermore, many of the Portfolio Managers will typically manage a relatively small asset base when compared to traditional money managers of mutual funds and many private funds, who often manage billions of dollars. Accordingly, many of the Portfolio Managers may have limited resources in connection with the operation of their businesses and the investment management of their portfolios.

***Use of Leverage.*** Many Portfolio Funds are expected to use leverage as part of their investment strategy and a Fund will have no control over the amount of leverage used. A Portfolio Fund may obtain leverage in any manner deemed appropriate by the Portfolio Manager, including by borrowing to buy securities or by entering into repurchase agreements and derivative transactions that have the effect of leveraging the Portfolio Fund's investments. A high degree of leverage necessarily entails a high degree of risk. By using leverage, the Portfolio Fund is able to purchase a larger portfolio using a smaller amount of capital. Thus, a relatively small price movement in an investment may result in substantial losses to the Portfolio Fund and, in turn, the applicable Funds. Leverage may amplify the effect of gain or loss on the investment, and may result in greater volatility than experienced by investment pools that do not use leverage. Many of the Portfolio Funds will not impose absolute restrictions on the amount of leverage they may use. Reduced liquidity in the markets may result in the Portfolio Funds having more difficulty in obtaining financing. The loss of access to leverage or a substantial change in the terms on which leverage is obtained could have a material adverse impact on the performance of a Portfolio Fund. In order to obtain leverage, a Portfolio Fund will generally pledge some or all of its securities to leverage providers.

Portfolio Funds often use short-term margin borrowing in purchasing securities positions. Trading securities on margin will result in interest charges to the Portfolio Fund and, in turn, to the applicable Funds. Such borrowing may result in certain additional risks to the Portfolio Funds. For example, should the securities pledged to brokers to secure a Portfolio Fund's margin accounts decline in value, the Portfolio Fund could be subject to a "margin call," pursuant to which the Portfolio Fund would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of the Portfolio Fund's assets, the Portfolio Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

From time to time the Firm may utilize a line or lines of credit at the Funds level primarily to assist with cash flow management. The Firm does not intend to employ such lines of credit as a leverage overlay on the Funds but such use may have that effect from time to time.

***Risks of Options.*** Some Portfolio Funds may invest in options as a part of their investment strategy. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is

written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price that may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that the Portfolio Funds may use in their investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

***Other Derivative Investments.*** Some Portfolio Funds may invest in derivative instruments as a part of their investment strategy. Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement cannot only result in the loss of the entire investment, but may also expose the Portfolio Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Portfolio Manager from promptly liquidating unfavorable positions and subject the Portfolio Fund to substantial losses. In addition, the Portfolio Manager may not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Under the CEA, futures commission merchants are required to maintain customers’ assets in a segregated account. To the extent that a Portfolio Fund engages in futures and options contract trading and the futures commission merchants with whom a Portfolio Fund maintains accounts fail to segregate such assets, the Portfolio Fund will be subject to a risk of loss in the event of the bankruptcy of one of these futures commission merchants.



**Short Sales.** A Portfolio Manager may engage in short sales as part of hedging transactions for a Portfolio Fund or when it believes securities are overvalued. Short sales are sales of securities the Portfolio Fund borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and a Portfolio Fund will be able to make a profit by purchasing the securities at a later date at the lower prices. A Portfolio Fund will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a “long” position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss. Short sale transactions have been subject to increased regulatory scrutiny in response to recent market events, including the imposition of restrictions on short selling certain securities and reporting requirements. A Portfolio Fund’s ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Portfolio Fund. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may from time-to-time impose restrictions that adversely affect a Portfolio Fund’s ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, a Portfolio Fund may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. A Portfolio Fund may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and a Portfolio Fund is subject to strict delivery requirements. The inability of a Portfolio Fund to deliver securities within the required time frame may subject the Portfolio Fund to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Portfolio Fund to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact a Portfolio Fund’s ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the Portfolio Fund.

**Foreign Securities.** Some of the Portfolio Funds may invest in securities and instruments in global markets. Such investments involve substantial risks not typically associated with investing in U.S. securities. Investments in such foreign securities may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S.

Dollar will affect the U.S. Dollar value of the Portfolio Fund's assets denominated in that currency and thereby impact upon the Portfolio Fund's total return on such assets.

Investments in securities and instruments of foreign issuers will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of a Portfolio Fund's assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. The occurrence of adverse events affecting one particular foreign country or region could have more widespread effect and adversely impact the global trading market.

The issuers of the sovereign debt securities in which a Portfolio Fund may invest have in the past experienced substantial difficulties in servicing their external debt obligations, which have led to defaults on certain obligations and the restructuring of certain indebtedness. Countries such as those in which the Portfolio Funds may invest have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations and currency devaluation, large amounts of external debt, balance of payments and trade difficulties, political uncertainty and instability and extreme poverty and unemployment. Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile and this reduced liquidity may diminish the Portfolio Fund's ability to execute trades. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their U.S. counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher on foreign markets than in the U.S. Taxation of dividends, interest and capital gains received by non-residents varies among foreign countries and, in some cases, is comparatively high. In addition, some countries have tax laws and procedures that may permit retroactive taxation so that the Portfolio Funds could in the future become subject to local tax liability that it had not reasonably anticipated in conducting its investment activities or valuing its assets.

***Emerging Markets.*** Certain of a Portfolio Fund's investments in foreign securities may be in markets which are considered to be emerging markets. Such markets are generally less mature and developed than those in advanced countries. There are significant risks involved in investing in emerging markets (in addition to the risks of investing in foreign securities identified above), including liquidity risks, sometimes aggravated by rapid and large outflows of "hot money" and capital flight, currency risks, and political risks, including potential exchange control regulations and potential restriction on foreign investment and repatriation of capital. In many cases, such risks are significantly higher than those in developed markets. Emerging market countries have varying laws and regulations and, in some, foreign investment is controlled or restricted to varying degrees.

***Distressed Securities.*** Some of the Portfolio Funds may take long and short positions in below-investment-grade securities and obligations of U.S. and non- U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems or extraordinary liabilities, including companies involved in bankruptcy or other reorganization

and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investment in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies.

***Investments in Fixed-Income Securities.*** Some of the Portfolio Funds may invest a portion of their capital in bonds or other fixed income securities, including, without limitation, notes and debentures issued by corporations; debt securities issued or guaranteed by governments or agencies or instrumentalities thereof; commercial paper; and "higher yielding" (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity indexed to FX or inflation. These and other risks are particularly prevalent with fixed income securities of issuers in foreign markets. It is likely that a major economic recession or other event could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

***Purchasing Securities of Initial Public Offerings.*** From time to time, some of the Portfolio Funds may purchase securities that are part of initial public offerings ("new issues"). The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for Portfolio Funds to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. Rule 5130 and Rule 5131 of the Financial Industry Regulatory Authority, Inc. restrict certain persons from participating in new issues and, therefore, certain investors may be restricted from participating in the profits and losses attributable to new issues.

***Forward Trading.*** Forward trading involves contracting for the purchase or sale of a specific quantity of, among other things, a financial instrument at the current price thereof, with delivery and settlement at a specified future date. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward trading is mostly unregulated and therefore there are no requirements with respect to record keeping, segregation of funds or financial responsibility. The principal risks relating to the use of forwards are: (a) when used for hedging purposes, the possible imperfect correlation between the prices of the forwards and the market value of the securities or

currencies in the Portfolio Fund's portfolio intended to be hedged by the forwards; (b) possible lack of a liquid secondary market for closing out a forwards position; (c) losses on forwards resulting from interest rate or currency movements not anticipated by the Portfolio Manager; and (d) the risk of counterparty defaults.

***Illiquid Securities; Special Situation Investments.*** Although the Firm does not currently anticipate that the Fund-of-Funds will invest in Portfolio Funds that will purchase assets that are illiquid, restricted or difficult to value, in certain circumstances, general economic or market conditions may adversely affect the liquidity of, or ability to value, certain investments held by one or more Portfolio Funds. Therefore, from time to time, a Fund may indirectly or directly hold securities (including as a result of in-kind distributions by Portfolio Funds and interests in the Portfolio Funds themselves) that are illiquid, restricted or difficult to value. In such event the Firm may designate such securities as "Special Situation Investments", and all investors in such Fund at the date of such designation will participate on a pro rata basis in such Special Situation Investments. Such Special Situation Investments may have to be held for a substantial period of time before they can be liquidated, if at all. Market prices for such Special Situation Investments are often volatile and may not be ascertainable. The resale of restricted and illiquid securities often may have higher brokerage charges. Special Situation Investments represent capital not available for withdrawal by such Fund's investors.

***Counterparty Risk.*** Some of the markets in which the Portfolio Funds may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes a Portfolio Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Portfolio Fund to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Portfolio Fund has concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. The ability of the Portfolio Funds to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

***Hedging.*** The Portfolio Funds may utilize certain financial instruments for both investment and risk management purposes. These instruments could include writing or buying options and other derivatives, as well as shorting securities, funds, indices, or swaps, and combining long and short positions in securities and instruments to reduce overall risk. The success of a Portfolio Fund's hedging strategy will depend on the Portfolio Manager's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. The change in the correlation may also result in the hedge increasing the overall risk of the portfolio. There is also a risk that such correlation will change over time rendering the hedge ineffective. Since the characteristics of many securities change as markets change or time passes, the success of a Portfolio Fund's hedging strategy may also be subject to the Portfolio Manager's ability to correctly readjust and execute hedges in an efficient and timely manner. In addition, the lack of futures and derivatives markets or high transaction costs in certain foreign markets may reduce or

eliminate the Portfolio Fund's ability to hedge certain exposures. Even when the underlying values may have the predicted correlation, pricing imperfections may become worse and thus the hedge could increase risk over the time period until the underlying values are realized. Many Portfolio Funds may not seek to hedge all or a portion of their assets.

***Small and Mid-Cap Risks.*** A portion of some Portfolio Funds' assets may be invested in securities of small-cap and mid-cap issuers. While the securities of a small or mid-cap issuer may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small and mid-cap issuers may also present greater risks. For example, (i) some small and mid-cap issuers often have limited product lines, markets, or financial resources, (ii) they may be dependent for management on one or a few key persons, and can be more susceptible to losses and risks of bankruptcy, and (iii) their securities may be thinly traded and may be more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers.

***Broker Risks.*** A Portfolio Fund's assets may be held in one or more accounts maintained for the Portfolio Fund by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions with respect to their insolvency. The practical effect of the laws protecting customers in the event of insolvency and their application to the Portfolio Funds' assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to the Portfolio Fund's assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a custodian, it is impossible further to generalize about the effect of the insolvency of any of them on the Portfolio Funds and consequently on the applicable Funds and their assets. The insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of a Portfolio Fund's assets or in a significant delay in the Portfolio Fund having access to its indirect interest in those assets.

***Other Types of Investments by Portfolio Funds.*** The investment strategy of most of the Funds is to invest in a range of Portfolio Funds that engage in different investment strategies and use a variety of investment techniques. Each of these strategies and techniques may be non-traditional and involve substantial risks. Although several of these risks are discussed in other risk factors herein, it is impossible to identify all such risks, particularly since each Fund's investments in Portfolio Funds are continually changing, as are the markets invested in by the Funds and the Portfolio Funds.

***Lack of Liquidity; Limitations on Withdrawals from Portfolio Funds.*** The financial markets in the United States and other countries have recently experienced a variety of difficulties and changed conditions. These difficulties and conditions, coupled with other recent challenges affecting the economies of certain countries, may result in reduced demand for the securities and other assets in which the Portfolio Funds invest, and may affect the valuations assigned to such securities and assets, and similar securities and assets, by the Portfolio Funds and other market participants. Further, the Portfolio Funds and such other market participants may not always value these investments at the same prices or in the same

manner. Such reduced demand and affected valuations may in turn decrease the value of securities and assets held by the Portfolio Funds, and may prevent the Portfolio Funds from liquidating such securities or other assets at any price, or at prices deemed favorable to the Portfolio Funds, during certain periods, which periods may be substantial and prolonged and which may include periods during which investors in such Portfolio Funds are seeking to withdraw substantial amounts from the relevant Portfolio Fund. In addition, a decrease in the net asset value of a Portfolio Fund could lead to a default under some or all of such Portfolio Fund's credit and loan facilities, as well as the repurchase, reverse repurchase, securities lending, swap and/or similar agreements to which such Portfolio Fund is a party, and force such Portfolio Fund to sell its securities or other assets at reduced prices to satisfy its obligations to its lenders and counterparties.

A Portfolio Fund affected by such market conditions or for other reasons may seek to impose certain limitations on withdrawals from such Portfolio Fund for prolonged periods by, for example: (1) suspending the determination of the Portfolio Fund's net asset value, (2) suspending withdrawals in whole or in part, (3) imposing "gates" or restrictions on withdrawal amounts above a certain level, and/or (4) extending the period for payment of withdrawal proceeds. In addition, such Portfolio Fund may seek to, among other things, (i) wind up the Portfolio Fund, including at times and under conditions where the disposition of its securities and other assets may not be at prices deemed favorable to the applicable Funds and other investors therein, (ii) assign certain illiquid or similar assets held by the relevant Portfolio Fund to "special situation" or "side pocket" accounts, from which redemptions are prohibited, (iii) distribute certain securities or other assets held by the relevant Portfolio Fund into a liquidating trust or similar account or vehicle, in which case payment to the applicable Funds and other investors in such Portfolio Fund of the portion of their withdrawals attributable to the securities or other assets held in such liquidating trust or similar account or vehicle may be delayed until such time as such securities and other assets are liquidated or become freely tradable, and/or (iv) distribute certain securities and other assets held by such Portfolio Fund in-kind to the applicable Funds and other investors therein, in which case such Funds may not be able to liquidate such securities and other assets during certain periods and/or at prices deemed favorable to its investors, including the Funds.

The occurrence of any one or more of the events described above may render the Funds' investment in a Portfolio Fund illiquid and/or may substantially impair the value of one or more investments of the Funds, including any investment in a Portfolio Fund. This, in turn, may have a material and adverse effect on the investors in the Funds, including without limitation by rendering some or all of their interests illiquid or substantially impairing the value of some or all of their Interests, in each case for prolonged periods.

Limitations on withdrawals imposed by the Portfolio Funds may, in turn, be applied to withdrawals by investors in the applicable Funds. In certain circumstances, withdrawals by investors may result in the remaining capital accounts of investors in a Fund having a greater portion of illiquid investments than was the case prior to such withdrawal. A Fund may not be able to withdraw its capital from Portfolio Funds at such times as the Firm would prefer, including potentially when required to fund withdrawals to investors in the Fund.

***Transaction Costs and Portfolio Managers Use of "Soft Dollars."*** In selecting brokers to effect portfolio transactions, Portfolio Managers may consider, among other things, such

factors as price, the ability of the brokers to effect the transaction, their facilities, reliability and financial responsibility and any products or services provided by such brokers. Such products and services may be of benefit generally to the Portfolio Fund but may not directly relate to transactions on behalf of the Portfolio Fund or any investment fund in which a Fund is invested. Accordingly, the Portfolio Manager may incur transaction costs greater than the amount that might be incurred if another broker was used. "Soft dollar" payments or rebates of amounts paid to brokers and dealers may arise from over-the-counter principal transactions, as well as exchange traded agency transactions. Many of the Portfolio Funds may emphasize active management of the Fund's portfolio. Consequently, such Portfolio Fund's portfolio turnover and brokerage commissions may exceed those of other investment entities of comparable size. The Firm may not be provided with sufficient information from the Portfolio Managers to monitor best execution, transaction costs and soft dollars.

***Separately Managed Accounts.*** A Fund may invest some of its assets in separately managed accounts, whereby Portfolio Managers manage a portion of the Fund's assets directly, rather than through a pooled investment vehicle. Although there are certain advantages associated with separately managed accounts, there are also certain risks, including, without limitation, the potential that the actions of the Portfolio Manager could expose all of the Fund's assets to liability and the requirement that the Fund itself be a party to prime broker agreements and other trading agreements utilized by the Portfolio Manager in pursuing its investment strategy. In addition, although the Firm may have greater visibility with respect to the securities held in separately management accounts, the management of such securities will still reside with the applicable Portfolio Managers of such accounts.

***Money Market Instruments.*** The Firm may keep a portion of a Fund's assets in cash pending investment in certain Portfolio Funds or in connection with expected withdrawals or for other reasons. Such cash may be invested in fixed-income securities, money-market instruments, money-market mutual funds or other securities as the Firm deems appropriate under the circumstances. Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of United States banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

***Concentration of Investments.*** A Fund may from time to time have a material percentage of its assets in one or more Portfolio Funds or concentrated in one or more investment strategies and a loss in any investment could have a material adverse impact on the Fund's capital. There is also a risk that the Fund's investments will not be diversified in all market conditions. In addition, because the Fund may allocate its assets to multiple Portfolio Managers who make their trading decisions independently, and, in particular, because the investment strategies of many of the selected Portfolio Managers will principally be long and short equity strategies, it is possible that Portfolio Managers may on occasion take substantial positions in the same security or group of securities at the same time. The possible lack of diversification caused by these factors may subject the investments of a Fund to more rapid change in value than would be the case if the assets of the Fund were more widely diversified.

***General Economic and Market Conditions.*** The success of the investments by the

Portfolio Funds and, therefore, each Fund's performance, will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These and other factors may affect, among other things, the level and volatility of securities' prices, the liquidity of the Portfolio Fund's investments and the availability of certain securities and investments. Volatility or illiquidity could impair each Fund's profitability or result in significant losses. The Portfolio Funds may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

The Portfolio Funds and therefore, each Fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to each of the Portfolio Funds and each Fund from their respective banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Portfolio Funds and therefore, such Fund. Market disruptions may from time to time cause dramatic losses for such Fund, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

#### **Fund-Specific Risks**

*Operating Deficits.* The costs of operating the Funds (including fees payable to Concentric Wealth Advisors) could exceed the Funds' income. The fees the Funds pay may be higher than those charged by other private investment funds. If the Funds' costs exceed their respective income, the difference must be paid out of the Funds' capital, reducing the Funds' investments and potential for profitability.

*Not a Complete Investment Program.* The Funds may be deemed a speculative investment and are not intended as a complete investment program. The Funds are designed only for sophisticated and experienced investors who are able to bear the risk of loss of their entire investment.

*Changes in Investment Strategy.* Concentric Wealth Advisors maintains the sole discretion to expand, contract or otherwise change the Funds' investment activities without notice to or the consent of the Investors. The investment strategy described within each Fund's confidential offering memorandum may be altered without prior approval by, or notice to, the Investors if Concentric Wealth Advisors believes the change is in the Funds' best interests. Any such change could result in the exposure of the Funds' capital to additional risks, which may be substantial.

**The risks described above are not a complete list of risks involved with investing in a Concentric Wealth Advisors strategy – specific risks and conflicts of interest associated with an investment with Concentric Wealth Advisors are described in detail in each Client's confidential offering memorandum or investment management agreement.**



Clients and prospective Clients should carefully review the appropriate legal documents for further information before making an investment.

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**Item 9 – Disciplinary Information**

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Registered investment advisers are required to disclose facts regarding any legal or disciplinary events that they believe would be material to a client's or a potential client's evaluation of Concentric Wealth Advisors or the integrity of Concentric Wealth Advisors' management. Concentric Wealth Advisors has no information to report applicable to this Item.

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**Item 10 – Other Financial Industry Activities and Affiliations**

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Neither Concentric Wealth Advisors nor any of Concentric Wealth Advisors' management persons are registered, or have an application pending to register as:

- a broker-dealer or registered representative of a broker-dealer; or
- a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Concentric Wealth Advisors is a sponsor and manager of pooled investment vehicles. By acting as the sponsor and manager of these Funds and by receiving incentive allocations from some of the Funds it manages, Concentric Wealth Advisors has an incentive to favor these Funds over other clients. Notwithstanding these conflicts, Concentric Wealth Advisors will allocate transactions and opportunities among the various accounts it manages in a manner it believes to be as equitable as possible, considering suitability and each account's objectives, programs, limitations and capital available for investments, but even accounts with similar objectives will often have different investment portfolios.

Concentric Wealth Advisors does not recommend or select other investment advisers for its clients for compensation.

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

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Concentric Wealth Advisors has adopted a Code of Ethics (“Code”), that complies with SEC Rule 204A-1 and Rule 17j-1 under the Investment Company Act of 1940, that describes the standards of business conduct that it requires of employees and accounts owned predominantly by persons associated with Concentric Wealth Advisors, and establishes procedures intended to prevent Concentric Wealth Advisors, and its personnel and certain of their relatives, from inappropriately benefiting from Concentric Wealth Advisors’ relationships with its Clients. The Code is reviewed and updated at least annually. The Code provides that:

- The policies and procedures are based on general concepts of fiduciary duty to Clients;
- Each employee's professional activities and personal investment activities must be consistent with the Code, which is designed to help avoid actual or potential conflicts between the interests of Clients and those of Concentric Wealth Advisors or its employees;
- Employees must abide by the standards set forth in Rule 204A-1 (the “code of ethics rule”) for registered investment advisers under the Advisers Act;
- Employees will be required to act with competence, dignity and integrity, in an ethical manner, when dealing with Clients, the public, prospective clients or investors, third-party service providers and fellow employees.

Concentric Wealth Advisors requires employees to obtain prior written approval before acquiring a direct or indirect beneficial ownership (through purchase or otherwise) of: (i) a Reportable Security, (ii) a security in an initial public offering (“IPO”), or (iii) a security in a limited offering (generally meaning a private placement, such as a hedge fund or private equity fund).

Employees are restricted as to the purchase and sale of their personal security holdings to the extent that a Fund advised by Concentric Wealth Advisors holds or is expected to trade the same security. The Code also contains restrictions on and procedures designed to help prevent inappropriate trading while Concentric Wealth Advisors is in possession of material nonpublic information.

Concentric Wealth Advisors will provide a copy of its Code of Ethics to any client or prospective client upon request. Such a request may be made by submitting a written request to Concentric Wealth Advisors by email or to the address on the cover page of this brochure.

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**Item 12 – Brokerage Practices**

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Concentric Wealth Advisors generally will have complete discretion in deciding what brokers and dealers the Clients will use and in negotiating rates of brokerage compensation (subject to any restrictions agreed on between Concentric Wealth Advisors and an applicable Client).

***General Selection Criteria***

It is Concentric Wealth Advisors' policy to seek best execution, based upon a number of considerations, from the brokers with whom it places trades for execution on behalf of its Clients. While trade price is often a significant quantitative factor in best execution, Concentric Wealth Advisors also evaluates qualitative execution factors, such as research capabilities, success of prior research recommendations, ability to execute trades, nature and frequency of sales coverage, depth of services provided (including back office and processing capabilities), financial stability and responsibility, reputation, commission rates, responsiveness to Concentric Wealth Advisors and the value of research and brokerage products and services provided by such brokers. The determining factor is not the lowest possible commission cost alone.

Concentric Wealth Advisors may use a broker where a division or affiliate of such broker may have referred or may refer investors to a Fund advised by Concentric Wealth Advisors. Concentric Wealth Advisors, however, does not consider such referrals in its selection of brokers.

***Aggregation of Orders***

Concentric Wealth Advisors allocates all investment opportunities among eligible clients. In some instances, Concentric Wealth Advisors may encounter situations where it may be beneficial for one or more Clients' accounts to purchase or sell securities where the investment opportunity is limited. In these instances, Concentric Wealth Advisors will allocate the opportunity among its eligible Client accounts.

In some instances, Concentric Wealth Advisors may choose to aggregate trade orders across multiple Client accounts in order to obtain better prices and execution. Any such aggregation is done in such a way as to ensure that no Client account is favored over any other. Each account that participates in an aggregated order does so at the average share price with all other transaction costs on a pro rata basis.

***Cross Trades***

Concentric Wealth Advisors does not currently engage in cross transactions. In the future, if Concentric Wealth Advisors engages in cross transactions it will first adopt policies and procedures to ensure such transactions are conducted in a fair and equitable manner.

***Trade Errors***

Concentric Wealth Advisors may from time to time make trade errors. Any gains resulting from any corrective actions are passed on to the relevant Client account. Concentric Wealth Advisors does not pass the costs, including losses on to a Client account and does not use soft dollars to pay for correcting any error. All such trade errors are documented in writing.

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**Item 13 – Review of Accounts**

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Subject to the information discussed above, including Item 8, Concentric Wealth Advisors reviews Client accounts on an ongoing basis to determine accomplishment of investment objectives, diversification of each portfolio and security positions. Such reviews are performed by Concentric Wealth Advisors' portfolio management personnel. Reviews may be triggered by market conditions or market and economic events. Further, Concentric Wealth Advisors formally reviews registered product Clients any time there is a material change to each relevant prospectus or statement of additional information.

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**Item 14 – Client Referrals and Other Compensation**

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Concentric Wealth Advisors neither compensates any third party for Client referrals nor does the firm receive compensation for any Client referral.

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**Item 15 – Custody**

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Concentric Wealth Advisors obtains custodial, clearing, settlement and related services on behalf of its Clients through what is known as a “custodial” arrangements with unrelated third parties such as banks and broker-dealers. In the case of the Funds, these services may be provided through what is known as a “prime brokerage arrangement.” Under such arrangement, a bank or brokerage firm maintains custody of each Client’s assets (either directly or through a clearing brokerage firm).

Each broker-dealer that acts as a qualified custodian for Client assets will send quarterly, or more frequent account statements to clients. Investors in Funds managed by Concentric Wealth Advisors do not receive account statements from the prime broker as these statements are directed to Concentric Wealth Advisors as General Partner of the Funds. Investors in the Funds receive monthly capital account statements from the Fund Administrator.

*Fund-of-Funds.* Custody of each Fund-of-Fund’s assets (typically investments in Portfolio Funds and cash) is generally maintained with a custodian. Concentric Wealth Advisors does not use a qualified custodian to send quarterly account statements directly to the investors in the Fund-of-Funds.

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**Item 16 – Investment Discretion**

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Concentric Wealth Advisors has discretionary authority to manage securities accounts on behalf of Clients pursuant to a grant of authority in each Clients' governing and investment management documents. Concentric Wealth Advisors has broad discretion, without limitation, to determine:

- Investment objective of the Clients' account;
- Any changes or modifications to those objectives;
- Securities to be bought or sold for Clients' accounts;
- Amount of securities to be bought or sold for Clients' accounts;
- Broker or dealer to be used for a purchase or sale of securities for Clients' accounts; and,
- Commission rates to be paid to a broker or dealer for Clients' securities transactions.



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**Item 17 – Voting Client Securities**

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Concentric Wealth Advisors may vote proxies if authorized by a Client. Such authorization is typically granted on an account-by-account basis. Except in the event that a Client authorizes Concentric Wealth Advisors and/or Portfolio Managers to vote proxies, Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by Clients shall be voted. Concentric Wealth Advisors may vote corporate actions, and the making of all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining securities held in Client Account(s). Where Concentric Wealth Advisors is authorized to vote proxies by our clients, we utilize the services of an independent third-party that specializes in evaluating corporate governance matters and making voting recommendations. Typically, we vote in accordance with the recommendations made by the independent third party. Where a proxy proposal raises a material conflict between Concentric Wealth Advisors' interests and the interests of the Clients, Concentric Wealth Advisors will seek to resolve the conflict consistent with its fiduciary duty to its Clients.

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**Item 18 – Financial Information**

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Concentric Wealth Advisors has no financial commitment that it believes is reasonably likely to impair its ability to meet its contractual and fiduciary commitments to Clients. Concentric Wealth Advisors has not been the subject of a bankruptcy petition.

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**Item 19 – Requirements for State-Registered Advisers**

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**Dr. Paul P. Ortner IV. Chief Executive Officer, Chief Financial Officer, and Chief Investment Officer.** Dr. Ortner has 19 years of experience developing systems, as a trader and quantitative strategist. Mr. Ortner has developed proprietary mathematic models and analysis to stocks, ETF's, options, commodities and the futures markets, with an emphasis on global macro-economic trends. In 2011 he founded CSA Global Asset Management, LLC a Registered Investment Advisor. He was the CEO and CIO of CSA Global Equity Master Fund, L.P. a global macro trend following hedge fund. Mr. Ortner holds a Series 65 license from FINRA.

*Education*

University of the Pacific- Major in Science, Minor in Economics and Psychology 1984-1987  
University of the Pacific School of Dentistry, DDS 1987-1990  
Boston University Graduate School of Endodontics, CAGS 1991-1993  
Chart Pattern Trading, Suri Duddella, 2004  
Advanced Options Trading Strategies and Techniques, George Fontanills, 2006-2008  
International Institute of Trading Mastery, Super Trader, 2008-2010  
Futures Commodities Trading, Al Martin, 2010-2012

**Anthony Marsland, Chief Research Officer**

Mr. Marsland had a 20 year career as a professional advertising photographer. He still retains a contract with Getty Images who represent his work worldwide in the licensed imagery space.

In 2002, Mr. Marsland began to trade his own account on a long term investment basis. In 2007 he turned his focus to shorter term trading and stopped taking photographs to concentrate full time on trading in 2008. In 2010 Mr. Marsland committed to the Van Tharp Supertrader program.

In 2011 Mr. Marsland joined Hamilton Court, a subsidiary of Kyte, as one of their first independent algorithmic traders focusing on Currency Futures. He continues to work with Hamilton Court as new joint venture opportunities arise.

In 2015 Mr. Marsland's firm, Anthony Marsland Ltd, became a shareholder in CWA and began to license Mr. Marsland's trading systems to CWA.

*Education*

Mr. Marsland studied Photography, Film & TV at degree level at London College of Communication

**Scott Thompson, Managing Member**

Mr. Thompson oversees the portfolio management and maintenance of all Concentric multi-manager hedge fund products. Mr. Thompson started in finance at Nike in 1990, managing a short-term investment portfolio. He followed this at Document Solutions, a Xerox Agent, as Chief Financial Officer. Before joining Concentric Mr. Thompson held various posts at Common Sense Investment Management, culminating as Chief Investment Officer.

*Education*

Mr. Thompson earned a B.S. in Finance with high scholarship from Oregon State University and an MBA in Finance from Portland State University.