

**CHRONOS CAPITAL ADVISORS LLC**

**FORM ADV – PART 2A (FIRM BROCHURE)**

**Item 1 – Identification**

**Principal Business Office Address:**

2635 SW 17<sup>th</sup> Avenue  
Miami, Florida 33133

**Brochure Date: April 15, 2016**

This firm brochure (“Brochure”) provides information about the qualifications and business practices of Chronos Capital Advisors LLC (“Chronos”). If you have any questions about the contents of this Brochure, please contact us at (786)-239-0431. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Chronos also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Chronos is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

## **Item 2 – Material Changes**

The United States Securities and Exchange Commission (“SEC”) and federal regulations require investment advisor Brochures to discuss specific material changes that are made to the Brochure. Because this is the initial Brochure, there are no material changes and this Item 2 is not applicable.

In the future, this Item will discuss only specific material changes that are made to the Brochure and will provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

Pursuant to SEC Rules, we are required to ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year of December 31<sup>st</sup>. We will further provide you with a new Brochure as necessary based on material changes or new information, at any time, without charge, upon request.

Our Brochure may be requested by contacting us at 2635 SW 17<sup>th</sup> Avenue, Miami, Florida 33133, or by phone at (786)-239-0431.

### **Item 3 – Table of Contents**

<b>Item 1 – Identification .....</b>	<b>1</b>
<b>Item 2 – Material Changes .....</b>	<b>2</b>
<b>Item 3 – Table of Contents .....</b>	<b>3</b>
<b>Item 4 – Advisory Business .....</b>	<b>4</b>
<b>Item 5 – Fees and Compensation .....</b>	<b>7</b>
<b>Item 6 – Performance-Based Fees .....</b>	<b>9</b>
<b>Item 7 – Types of Clients .....</b>	<b>9</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>10</b>
<b>Item 9 – Disciplinary Information.....</b>	<b>16</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations.....</b>	<b>16</b>
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>17</b>
<b>Item 12 – Brokerage Practices .....</b>	<b>19</b>
<b>Item 13 – Review of Accounts .....</b>	<b>19</b>
<b>Item 14 – Client Referrals and Other Compensation.....</b>	<b>20</b>
<b>Item 15 – Custody .....</b>	<b>20</b>
<b>Item 16 – Investment Discretion .....</b>	<b>20</b>
<b>Item 17 – Voting Client Securities .....</b>	<b>21</b>
<b>Item 18 – Financial Information.....</b>	<b>21</b>
<b>Item 19 – Requirements for State-Registered Advisers .....</b>	<b>21</b>

Brochure Supplement(s) are provided separately to Clients.

## **Item 4 – Advisory Business**

### **Section A. THE COMPANY**

Chronos Capital Advisors LLC (“Chronos” or “the Firm” or “we”) is organized as a limited liability company under the laws of the state of Florida and is registered as an independent investment adviser with the SEC. Chronos has been in business since 2016. The Firm is headquartered in Miami, Florida.

### **OWNERSHIP**

Chronos is owned by Ernesto Bruna and Patricio Filippi.

### **Section B. TYPES OF ADVISORY SERVICES**

Chronos is an independent multi-family office. Chronos provides nondiscretionary investment advisory services regarding securities and non-securities primarily to high net-worth individuals, but also to businesses and institutional clients (collectively “Clients”). It is possible Chronos may also provide discretionary investment management services regarding securities and non-securities to Clients, though it does not anticipate a significant volume of such activity, at least initially.

### **Section C. OVERVIEW OF ADVISORY SERVICES Advisory Services**

Given the customized nature of Chronos’s services, the processes described below are not required for every Client account. Furthermore, it is not anticipated that accounts having identical or substantially similar investment objectives will necessarily have identical or substantially similar investment portfolios. Differing investment portfolios can be expected as the result of several factors, including, without limitation, the following:

- Pre-existing (or “legacy”) portfolio exposures;
- Regulatory constraints that apply to certain accounts but not to others;
- Investment constraints imposed by the Client; and
- The amount of cash available for investment at certain times.

As a result of factors such as these, accounts may have a different investment portfolio and, resultantly, different performance results, from other accounts even though the accounts have substantially similar investment objectives. In addition, there may be circumstances

when one account will sell a security while another account may purchase the security on the same day.

In the event Chronos acts in a discretionary advisory capacity (which it anticipates will represent a small volume of its activities, at least initially), Chronos will have discretion to determine the type and amount of securities to be purchased or sold for a Client. Such discretion is to be exercised in a manner consistent with the Client's stated investment objectives as outlined in the Client's investment services agreement. For some Clients, Chronos provides investment supervisory services using unaffiliated investment managers and pooled investment vehicles including, but not limited to, domestic limited partnerships and hedge funds. A due diligence and evaluation process is used to evaluate investment managers and funds, employing both quantitative and qualitative techniques to identify the managers we feel are best qualified to meet our Clients' objectives. To the extent Clients invest directly or indirectly in unaffiliated funds, the managers of such funds will have their own investment practices, and those independent investment practices will be described in each managers' Form ADVs or such funds' offering documents.

With regard to its non-discretionary portfolio management services, Chronos's specialization is not in one given instrument or asset class, but rather in the ongoing process of assessing Client objectives, developing an appropriate asset allocation to best achieve those objectives and modifying that allocation when risks/opportunities are present, and evaluating investment managers and assessing where it is most appropriate to use active or passive strategies. Non-discretionary portfolio management services require Chronos to obtain the Client's specific consent to each transaction, while discretionary services do not. Non-discretionary Clients in all cases make the final decisions regarding transactions, even in cases where Chronos facilitates the communication with their custodians or other financial entities. Accordingly, non-discretionary clients may forego a particular recommended transaction, or a particular transaction may be delayed, if Chronos cannot obtain the Client's prior consent.

The advisory team is primarily responsible for advising on asset allocation, portfolio recommendations, investment strategies and tailored solutions on behalf of its Clients. The Client services include financial planning concepts with those of investment management. The advisory process typically encompasses the following steps:

1. Listen to the Client and Understand the Asset Base: Chronos works closely with the Client to understand, among other things, the following:
  - a. Family priorities;
  - b. The Client's current assets and liabilities, portfolio structure and asset allocation;
  - c. Income and liquidity needs;

- d. Family structure; and
  - e. Estate planning strategies and structures.
2. Design the Portfolio: Chronos advises Clients by creating a portfolio that uses the Client's long term goals to balance risk and return. The portfolio guidelines are then formalized in an investment services agreement. At some point during this stage, we may use third-party software to obtain and chart various statistics for differing time periods, asset allocation structures, and potential capital market environments. Designing the portfolio is a multi-faceted task, which can include (among other elements) an understanding and articulation of the following:
- a. Asset allocation (at multiple levels);
  - b. Asset location (e.g., selecting the appropriate accounts for specific investments); and,
  - c. Client-imposed constraints (e.g., avoiding certain stocks or sectors), including unmanaged assets.
3. Execute the Investment Services Agreement: Chronos primarily advises its clients in portfolio construction, asset allocation and implementation strategies. Chronos endeavors to select the investment strategies in each asset class to achieve the Client's strategic portfolio.
4. Review, Monitor and Report on the Portfolio. Chronos monitors Client accounts on an ongoing basis and provides regular and comprehensive investment composition reports. When appropriate, Chronos will recommend subsequent modifications to the portfolio (e.g., manager changes, tactical asset allocation tilts).

#### *Family Office Services*

Upon request, Chronos will provide Clients with "family office services" - which may be comprehensive and limited in scope. Chronos is flexible in creating customized service solutions, which may include some (or all), of the following:

- 1. Personal Accounting and Banking: Chronos can manage a Client's personal accounting and banking activities, such as cash flow forecasts and credit facilities.
- 2. Strategic Philanthropy: Chronos can help Clients achieve philanthropic goals by coordinating with the Clients' philanthropy advisors regarding such issues as optimal funding strategies, the establishment of gifting plans, and grant-making administration.
- 3. Estate Planning and Trust Services: Chronos can work with a Client's estate planning attorney to coordinate, implement, manage and report on trusts and estate plans.

4. Real Asset Management: Chronos can manage activities associated with large assets (e.g., real estate, boats, airplanes), including entity creation (as necessary), human resource management, and budgeting.
5. Consolidated Reporting: Chronos consolidates information received from custodians and other sources and presents it to the Client in a user-friendly format.
6. Concierge Services: Chronos offers various concierge-style services customized to each Client's needs, including bill payments.
7. Family Governance: Chronos can assist in the creation of a family succession plan and in the creation and maintenance of a family communication process and governance system. This process may also include, as necessary, family meeting facilitation. However, Chronos does not provide legal services.
8. Lifestyle Planning: Chronos can help with creation and on-going monitoring of a customized, goals-based financial plan, including capital sufficiency analysis, assistance with the acquisition and financing of lifestyle assets, and certain banking and other financial services.

#### *Execute Custom Analysis/Projects*

Chronos may provide other services related to the evaluation and management of investment programs and strategies, as requested by a Client. Such services are customized such that there is no standardized analysis or project service. These customized services may include, but are certainly not limited to cash flow management and financing alternatives, among others.

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

Chronos does not participate in wrap fee programs.

#### **Section E. ASSETS UNDER MANAGEMENT**

As of April 15, 2016, Chronos had approximately \$0.00 in nondiscretionary assets under management, and approximately \$0.00 in discretionary assets under management.

#### **Item 5 – Fees and Compensation**

The annual advisory fee is generally based upon a percentage of the market value of assets placed under our management and generally range from 0.40% to 1.00%, subject to negotiation and determination in light of each Client's particular needs. The annualized fee (the "Fee") for the advisory services to be provided by Chronos advisors is set forth in the agreement with the Client. The Client's actual fee may be higher or lower than the standard fee range indicated above based on a number of factors, including but not limited to: the

number of accounts or portfolios, size of the aggregate assets under management, relationship to other Clients or accounts, or the potential for additional contributions or assets managed, among others.

In certain circumstances, Chronos may agree to provide services on a flat fee basis, with the amount of such flat fee subject to agreement between Chronos and the Client.

Chronos's minimum annual advisory fee is \$50,000.00. Chronos may make exceptions to this minimum requirement at any time, in its sole discretion.

***Billing.*** Fees are generally billed quarterly in arrears. The fees for each full calendar quarter are based on end-of-period values of the account(s) assets as Chronos determines and are billed on the first day of the new calendar quarter. Upon termination of an advisory agreement, Chronos will calculate a pro-rated of quarterly fees based upon the ending value of the account(s) through the date of termination.

For new accounts or relationships, advisory fees are charged in arrears based upon the value at end-of-period as Chronos determines. The inception date follows entry into an investment services agreement at such time as Chronos determines that the relevant accounts are fully funded or nearly fully funded. The fee is pro-rated for the number of days remaining in the opening calendar quarter that Chronos provides its services to a Client.

Start up costs/fees may be charged in agreed amounts in relation to system set-ups, due diligence, and the like. Those fees may vary depending on the nature of the relationship, complexity of structures or other factors. Those fees will be billed separately from advisory fees.

***Fee Payment, Direct Debit of the Advisory Fee.*** Chronos will bill the Client for advisory fees as they come due. In the future, Chronos may implement arrangements for the direct debit of advisory fees from custodial accounts, subject to agreement by the Client.

***Termination.*** An advisory relationship with Chronos can be canceled at any time, by either party, for any reason upon written notice (as documented in our written agreement with the Client). Upon termination of any agreement, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

***Execute Custom Analysis/Projects.*** When requested by a Client, the fees charged for customized analysis or projects may be quoted on a fixed project fee basis, or on an hourly basis. As these are customized services and separate from the other services we provide to Clients, the fees, including hourly fees will vary by Client and by project.

Project or fixed fees are negotiated based on an assessment or estimate of total time to complete the analysis or project. These custom analyses or projects may be negotiated for current Clients at any time. Fees for these services are billed as negotiated. Fees may be charged as a retainer with the balance due upon completion of the analysis or project,



monthly, as Chronos delivers the results and recommendations, or as Chronos and the Client mutually agree.

***Other Fees or Expenses Paid in Connection with Services.*** All fees paid to Chronos for advisory services do not include the fees and expenses charged by the third party investment managers recommended by Chronos (e.g., mutual funds, ETFs, investment limited partnerships). Such fees are typically described in each investment fund's prospectus or offering documents and generally include a separate management fee, fund expenses (e.g., administration, audit, accounting, legal, etc.), and a possible distribution fee.

Chronos's fees also do not include fees charged by third party financial institutions for such services as custody, brokerage, or wire transfers (among others). The Client should review all such fees charged by these service providers in addition to the fees charged by Chronos to fully understand the total amount of fees that the Client pays for our investment management services.

***Independent, Objective Advice.*** As an independently owned and operated investment advisor, Chronos is not affiliated with any broker-dealer and does not participate in soft dollar programs (under which broker-dealers provide investment advisers with research, software, computers or other benefits for directing Client trades to the broker-dealer to execute for a fee). Additionally, Chronos does not receive direct or indirect compensation from broker-dealers or from investment managers or investment products that it may recommend or which Clients may use.

Family members and friends of employees may receive the same advisory services Chronos provides to Clients (as described in this brochure) for no fee or at fee schedules that are lower than those available to Clients.

## **Item 6 – Performance-Based Fees**

Chronos is not compensated with fees based on a share of capital gains on or capital appreciation of the assets of a Client, otherwise known as Performance-Based Fees.

## **Item 7 – Types of Clients**

Chronos provides non-discretionary, and possibly discretionary, portfolio management and family office services to:

- High net worth individuals, including both United States and non United States residents
- Private investment companies
- Family entities

- Foundations
- Trusts
- Charitable institutions
- Family Offices

Chronos does not require that Clients maintain with Chronos a particular minimum amount of assets under management.

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

### Section A. METHODS OF ANALYSIS

Chronos seeks to devise a unique asset allocation framework and investment strategy suitable for each client's long term goals, to achieve the highest return available for the investor's risk tolerance (interim return volatility). Regardless of an investor's risk tolerance, an investor must always be willing to bear the inherent risk of losing their principal. Chronos's investment philosophy centers on the belief that the majority of investment return is attributable to diversified asset allocation. Chronos's recommendations include and are not limited to investments in, equity, fixed income, ETF, mutual funds income and, alternative investment vehicles such as commodities funds, real estate, hedge funds and private equity.

Ongoing portfolio review and rebalancing is another primary tenet of our investment philosophy. Disciplined rebalancing of asset allocations can smooth interim returns and, more importantly, reduce total risk. Rebalancing will also occur if the client's changing circumstances dictate a change in the asset allocation objective.

Chronos's methods of analysis include fundamental, technical and cyclical. Chronos utilizes economic and industry focused reports produced by a variety of research analysts linked to financial firms or independent advisors.

- **Fundamental** - Fundamental analysis is using real data to evaluate a security's value. For example, fundamental analysis can be performed on a bond's value by looking at economic factors, such as interest rates and the overall state of the economy, and information about the bond issuer, such as potential changes in credit ratings. For assessing stocks, this method uses revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth. In terms of stocks, fundamental analysis focuses on the financial statements of the company being evaluated. Fundamental analysis does not attempt to anticipate market movements. This presents a potential

risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating a security.

- **Technical** - This form of value analysis focuses on patterns of volume and price fluctuations for a given stock as compared to the activity of the larger, general market indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc., that are believed to establish relational patterns that can predict future movements in the markets. This relative comparison has little or no concern for any company's fundamental structure, production or worth. Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although the market can act in irrational ways. Technical analysis purports to see repeatable patterns in similar market conditions, but any one of many factors may alter the outcome of an otherwise similar situation.
- **Cyclical** - There are industries in which profits rise and fall on a cyclical basis. As profits of companies follow cyclical patterns, so do their stocks: going up and down, reflecting the current stage of the business cycle. There are a wide variety of industries that can be described as having distinct business cycles: oil and gas, semi-conductors, car-manufacturing, mining, home-building, fertilizer production and many others. Their main feature is that their profits and thus stock prices follow similar rising and falling patterns over the long run. There is no guarantee that historical trends will indicate current cycles.

The main sources of information that Chronos uses include publicly available sources, such as newspapers, company press releases, timing services, annual reports, trade journals, corporate rating services available from large financial institutions, private investment advisors, and outside analysts. Chronos will also make its own assessment of the financial consequences of world events.

## **Section B.**

### **INVESTMENT STRATEGIES USED TO IMPLEMENT INVESTMENT ADVICE**

Any investment advice provided by Chronos to Clients is based on a number of factors, including, but not necessarily limited to, the Client's investment objectives and goals, income needs, risk tolerances, asset-class preferences, time horizons, liquidity needs, expected returns and an assessment of current economic and market views expressed by economists, analysts, banks, and securities firms, all in accordance with such Client's investment guidelines.

Chronos will likely recommend various other types of investments in differing percentages whenever, in Chronos's judgment, developments so warrant, all in accordance with the Client's investment guidelines.

## **Section C.**

### **RISK OF LOSS**

**Investing in securities involves risk of loss that Clients should be prepared to bear.**

All investments carry the risk of loss and there is no guarantee that any investment strategy will meet its objective. Depending on the type of security, the Client's account may face the following investment risks:

**Equity Risk** - Investments in equity securities generally involves a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of investments may decline if the particular investments within the portfolio do not perform well in the market. Prices of growth stocks may be more sensitive to changes in current or expected earnings than prices of other stocks. Prices of stocks may fall or fail to appreciate regardless of movements in securities markets.

**Market Risk** - The success of Client portfolio activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barrier, currency fluctuations and controls, and national and international political circumstances. These factors may affect the level of volatility of securities prices and the liquidity of investments in Client portfolios. Such volatility or illiquidity could impair profitability or result in losses.

**Extraordinary Events** - Global terrorist activity and United States involvement in armed conflict may negatively affect general economic fortunes, including sales, profits, and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure.

**Potential Concentration** - Client portfolios may have highly concentrated positions in issuers engaged in one or a few industries. This increases the risk of loss relative to the market as a whole.

**Small Capitalization Companies** - Client portfolios may have assets invested in smaller and less established companies. Both debt and equity securities of such issuers tend to be more volatile than larger, more established companies. Such volatility could adversely impact Client portfolios.

**Large Company Risk** - Large cap stocks can perform differently from other segments of the equity market as a whole. Large capitalization companies may be less flexible in evolving markets or unable to implement change as quickly as smaller capitalization companies.

**Private Companies** - Client portfolios may suffer losses through their investments in securities purchased in secondary market transactions or private placements. Chronos may recommend principal investments in securities through secondary market transactions or through direct investment in private companies through private placements. Investments in private companies may require the Client to bear the economic risk of its investment for an indefinite period of time because, among other reasons, the interest in the company has not been registered under the Securities Act of 1933 (the “Securities Act”) or under the securities laws of certain states and, therefore, cannot be resold, pledged, assigned or otherwise disposed of unless it is subsequently registered under the Securities Act and under applicable securities laws of such states or unless an exemption from such registration is available. There may not be a secondary market for the interest in the private company through which a Client could sell or dispose of its holdings.

**Real Estate and REITS** - Investments in real estate investment trusts (REITs), other real estate related securities and fee simple assets are subject to the risks incident to the ownership and operation of real estate generally. Some of the risks associated with investments in real estate are declines in the value of real estate, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighborhood values and the appeal of properties to tenants and changes in interest rates.

**Legal, Tax, and Regulatory Changes; Increased Regulation** - Legal, tax, and regulatory changes could adversely affect Clients, including by increasing the costs of compliance and by restricting Clients’ ability to implement investment strategies. Events in recent years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend, credit or restrict trading activities could adversely impact profit potential.

**Market Liquidity Risks** - The value of securities held in Client accounts and that are traded on exchanges and the risks associated with holding these positions vary in response to events that affect asset markets in general. Market disruptions could lead to violent price swings in securities held within Client portfolios and could result in substantial losses.

**Non-U.S. Investments** - We may recommend that Clients invest in securities (*debt, equity, currencies, derivatives, etc.*) domiciled outside the United States. Such investments expose the portfolio to a number of risks that may not exist in the domestic market alone. Such risks include, among other things, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the removal of funds or other assets, possible nationalization of assets or industries, political difficulties, and political instability in foreign nations.

**Short Sales, Leverage, Options and Other Derivatives** - Short sales, leverage, options and other derivatives all represent substantial risks given their inherent heightened risk of loss. Leverage, options and other derivatives may imply borrowing capital. When such borrowing is deployed, losses can escalate quickly should investments suffer even small losses. Short sales involve a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Short positions are also subject to a “short squeeze” that could lead to accelerating losses for those short that particular security. Short sales and use of leverage, options and other derivatives can be highly risky and are appropriate only for sophisticated and experienced investors who are prepared to bear the risk of substantial losses (even losses exceeding the amount invested).

**Fixed Income Risks** - Investments in fixed income securities represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk. These risks represent the potential for a large amount of price volatility. In general, securities with longer maturities are more sensitive to price changes. Additionally, the prices of high yield, fixed-income securities fluctuate more than high quality debt issues. Prices are especially sensitive to developments affecting the company’s business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company’s stock prices. High yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors. Developments in the credit market may have a substantial impact on the companies we may invest in and will affect the success of such investments. In the event of a default, the investment may suffer a partial or total loss.

**Commodities** - Commodity-related securities may be cyclical in nature. During periods of economic or financial instability, commodity-related securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various commodities. Commodity-related securities may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such securities may rise at a faster rate, and conversely, in time of falling commodity prices, such securities may suffer a greater price decline.

**Structured Notes with Principal Protection Risks** - Chronos may recommend structured notes with principal protection. Such notes typically combine a bond with a derivative component which typically offers a full or partial return of principal at maturity. The underlying asset, index or benchmark can vary widely from commonly cited market benchmarks to foreign equity indices, currencies, commodities, spreads between interest rates or hybrid baskets of various asset types. Any promise to repay some or all of the cash invested by the Client will depend on the creditworthiness of the issuer of the note, which means the Client could lose all of its money if the issuer goes bankrupt. Some of these notes have conditions to the protection and only offer partial protection, so the Client could lose principal even if the issuer does not go bankrupt. In addition, the Client will typically only receive principal protection if the note is held to maturity. Moreover, if the Client needs to cash out before maturity, there may not be a secondary market to sell the note or, even if a secondary market exists, the note may be quite illiquid and the Client could receive substantially less than the purchase price.

**Other Funds** - Chronos may recommend that Clients invest in unaffiliated, or in some cases proprietary, private funds (including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private alternative or other investment funds, regardless of whether any of the foregoing investment vehicles are affiliated with us) (collectively, “Other Funds and Managers”). These Other Funds and Managers typically will charge management and other fees, so that if Clients invest in them, Clients will bear an additional level of fees and expenses. Some of these funds may pay fees to Chronos or to persons related to Chronos, or such persons may otherwise have a financial interest in such funds. Also, U.S. mutual funds generally must distribute all gains, including to investors who may not have an economic gain, which can lead to negative tax effects on investors, particularly non-U.S. persons. Chronos may also invest in or recommend investments in exchange traded funds, unit investment trusts, or other similar vehicles designed to track the performance of a specific index or sector. These Other Funds may have unique risks of loss as described in their offering documents.

**ETF Risk** - An ETF’s net asset value (“NAV”) changes daily based on changes in market conditions and interest rates and in response to other economic, political, or financial developments. An ETF’s performance could depend heavily on the performance of an industry or group of industries and could be more volatile than the performance of less concentrated funds. In addition, because certain ETF’s may invest a significant percentage of their assets in a single issuer, such an ETF’s performance could be closely tied to one such issuer and could be more volatile than the performance of other, more diversified, funds.

The market price of ETFs during the trading day, like the price of any exchange-traded security, includes a “bid/ask” spread charged by the exchange specialist, market makers, or other participants that trade the particular security. In times of severe market disruption,

the bid/ask spread can increase significantly. At those times, ETFs are most likely to be traded at a discount to NAV, and the discount is likely to be greatest when the price of ETFs are falling fastest, which may be the time that the Client most wants to sell its interest in an ETF.

A lack of liquidity can lead to wide bid/ask spreads. Wider spreads may have a negative impact on the Client's returns when it buys or sells ETFs. Lack of liquidity may also cause an ETF to trade at a large premium or discount to NAV, meaning that the Client may overpay for a portfolio when buying or obtain less than the basket of securities is worth when selling.

#### **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Chronos's advisory business or the integrity of our management.

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

##### **Section A.**

##### **BROKER DEALER**

No management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

##### **Section B.**

##### **COMMODITY POOL OPERATOR AND COMMODITY TRADING ADVISER**

Neither Chronos nor any of its management persons is registered or has an application pending to register as a Future's Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor or associated person.

##### **Section C.**

##### **OTHER RELATIONSHIPS AND/OR ARRANGEMENTS MATERIAL TO ADVISORY BUSINESS**

Neither Chronos nor its management has any relationship or arrangement with related persons that is material to its advisory business or to Clients.

##### **Section D.**

##### **SELECTION OF OTHER INVESTMENT ADVISERS**

Employing an "open architecture" approach, Chronos endeavors to select investment strategies in each asset class to achieve the Client's strategic portfolio objectives. In doing so, Chronos seeks to identify best-of-breed managers based upon a variety of factors, including investment objectives and strategies, historical performance, pricing, responsiveness, and other factors.



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

### **CODE OF ETHICS**

Pursuant to SEC Rule 204A-1, Chronos has adopted a written Code of Ethics (“Code”) that sets forth standards of conduct and federal securities law requirements applicable to all supervised persons as defined in the Advisers Act. All employees review and acknowledge reviewing the Code annually. Code violations may result in disciplinary action or dismissal. Chronos will provide a copy of its Code to any Client or prospective Client upon request. Please contact Chronos at the address or phone number listed on the face of this Brochure to request a copy.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Chronos may act as investment manager to numerous Clients. Chronos may give advice and take action with respect to any accounts it manages that may differ from action taken by Chronos on behalf of other accounts. Chronos is not obligated to recommend for purchase or sale or to refrain from recommending for purchase or sale any security that Chronos or its access persons, as defined by rules under the Advisers Act and the 1940 Act, may buy or sell for their own accounts or for the accounts of any other Client. Chronos is not obligated to refrain from investing in securities held by accounts that it manages except to the extent that such investments violate the Code adopted by Chronos.

Certain Chronos officers, members, and employees (“Related Persons”) may also be Clients or investors. Chronos may invest Client accounts in, among other things, securities in which Chronos or its Related Persons have a financial interest, including in certain cases investments sponsored or organized by Chronos or Related Persons, such as proprietary funds. Likewise, Chronos or its Related Persons may co-invest in or otherwise purchase for themselves securities or other investments which one or more Clients own, previously owned, or will own in the future. As these situations may represent potential conflicts of interest, Chronos takes care to ensure that any actual or potential financial interest of Chronos in any investment opportunity offered to clients is fully and clearly disclosed. Additionally, Chronos has adopted procedures relating to personal securities transactions and insider trading, both of which are described below, that are reasonably designed to prevent conflicts of interest.

If it is appropriate to buy or sell a security at the same time for both a Client, upon the Client’s prior instruction, and a Related Person, combined orders may be placed and if any order is not filled at the same price, prices obtained may be allocated among accounts on an average basis. Placing combined orders is not required. There may be times when the sale or purchase of a security for a Related Person may precede, occur at the same time, or follow the sale or purchase of a security for a Client, subject to the overriding principle that the interests of Clients must come before the interests of Chronos or its Related Persons.

Chronos may manage simultaneously parallel accounts, in some cases with similar objectives, but with differing fees to Chronos. Chronos also may similarly manage

simultaneously certain accounts that may hold short positions in a security for which other managed accounts are long. Chronos's policy is to manage each account independently and fairly and recognizes and seeks to control the conflicts of interests inherent in such practices.

### ***Restrictions on Personal Securities Transactions***

To address the conflicts of interest that arise with the personal trading of Chronos employees, the Code prohibits certain types of personal securities transactions. The Code also includes guidelines relating to insider trading and gifts. Employees are permitted to buy and sell the same securities that are held in Client accounts only if the trades occur at the same time or after the trades for Clients. Employees may purchase and sell securities for their own accounts that have also been recommended to Clients. The Code is designed to assure that the personal securities transactions and interests of the employees will not interfere with making decisions in the best interest of Clients. Nonetheless, because the Code permits employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client.

### ***Disclosure of Personal Investments***

Chronos principals and employees may maintain personal brokerage accounts subject to the firm's Code. Access persons as defined under the Advisers Act are required to provide a quarterly report to the Chief Compliance Officer, or other designated person, showing investment transactions in their personal accounts, as well as disclosing annually all securities held on their behalf. Certain securities are exempt from reporting based upon the determination that these would not pose any material conflicts. These reports are monitored regularly to seek to reasonably prevent conflicts of interest between Chronos and its Clients. There is an inherent conflict of interest between our fiduciary duty of best execution for our Clients and the apparent self-interest of employees trading in the same securities contemporaneously.

Chronos personnel may receive or give certain gifts and gratuities or travel/entertainment from or to broker-dealers or other persons with whom Chronos does business. This may include such things as tickets to sporting events, or the theater, meals and other entertainment, transportation, attendance at seminars or other educational, training or informational events, logo items and other items of small value, gifts associated with life events such as birthdays, weddings, anniversaries, and other gifts of more substantial value. Receipt of such gifts and gratuities might be viewed as causing a conflict of interest for Chronos in selecting brokers and dealers and other service providers to the extent that Chronos has been given the prior approval to make such selections.

### ***Insider Trading Policy***

Chronos may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, Chronos may be prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any other person, regardless if such other person is a Client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, Clients and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, Clients when following policies and procedures designed to comply with law.

The Code also contains a policy, adopted in accordance with Advisers Act Section 204A, which establishes procedures to prevent the misuse of material nonpublic information by supervised persons. Supervised persons are prohibited from trading, either personally or on behalf of others, while in possession of material nonpublic information in violation of the law. Any supervised person who fails to observe the aforementioned policies risks serious sanctions, including dismissal and personal liability.

## **Item 12 – Brokerage Practices**

### **BROKERAGE PRACTICES**

Chronos will not have discretionary authority to determine, without obtaining specific client consent, the broker to be used to conduct any trade on a Client's behalf. Rather, brokers will be selected by Clients or their custodians.

## **Item 13 – Review of Accounts**

### **PORTFOLIO REVIEWS**

Chronos reviews Client accounts and portfolios periodically as it deems appropriate in its judgment depending upon the account needs and conditions of each market. Chronos reviews Client portfolios on an ongoing basis to ensure that investment allocations are aligned with each Client's individual circumstances and are consistent with our assessment of market conditions; change of security positions; request by a Client for a meeting; or changes in a Client's investment objective or policies. Performance of accounts in connection with objectives, security positions and other investment opportunities, commitment to any one industry and commitment to any one security are among the matters that may be discussed.

### **CLIENT REPORTS**

Clients receive statements and other information monthly, quarterly, semi-annually or annually from Chronos, or with such other frequency as the Client and Chronos may agree.

These statements will provide pertinent information with regard to a Client's account(s), including but not limited to, account values, net contributions and withdrawals.

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

Chronos does not receive any economic benefits other than fees paid to the firm by its Clients. Chronos and its representatives do not receive any economic benefits from any third parties with respect to the advisory services offered to Clients. Product sponsors or other third parties may offer Chronos representatives invitations to training sessions, due diligence visits, or other meeting or events at the expense of the third party. These invitations are not offered directly as a result of any amount of business placed with the third party, but the volume of business placed with a particular party may be indirectly related.

Chronos may make payments to third parties who recommend potential investors; however, Chronos currently has no such referral arrangements.

#### **Item 15 – Custody**

Chronos is not a qualified custodian and does not provide custodial services to its Clients. Cash, securities and other assets that a Client may place under the supervision of Chronos are delivered to a custodian. Chronos will not act as a custodian for a Client account. Clients select banks or registered broker-dealers that are “qualified custodians” to provide custody of Clients’ assets. Clients may ask Chronos to assist in identifying potential custodians and other service providers, in which case Chronos may make recommendations as accommodations to the requesting Clients; however, even in such cases, Chronos is not responsible for and will have no liability for the actions or inactions of such custodians or other service providers.

Clients should receive regular custodial statements directly from their custodian. We urge Clients to carefully review those statements. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation of methodologies of certain securities.

#### **Item 16 – Investment Discretion**

Though Chronos does not anticipate a significant volume of discretionary business, at least initially, Chronos may receive discretionary authority from Clients at the outset of an advisory relationship; this makes us responsible for selecting the identity and amount of securities to be bought or sold in Client accounts. In all cases, however, such discretion is to be exercised in a manner consistent with the Client's stated investment objectives as outlined in the Client's investment services agreement. Clients will need to execute a limited power of attorney to permit us to trade in the Client's accounts.

When selecting securities and determining amounts, Chronos observes the investment policies, limitations, and restrictions that Clients and Chronos have discussed and agreed

upon, including unmanaged securities, if any. These policies and investment guidelines are recorded in an investment services agreement, which Chronos will periodically review with the Client.

It is the Client's responsibility to promptly notify Chronos if there is a material change the Client's financial situation or investment objectives. It is necessary that the Client keep Chronos promptly informed about changes in its financial circumstances for the purpose of reviewing, evaluating, or revising our previous recommendations.

Because Chronos manages more than one account and has Clients with varying circumstances, there may be conflicts of interest over time devoted to managing any one account and allocating investment opportunities among all the accounts Chronos manages. For example, we may select investments for a particular Client based solely on the investment strategy being pursued for that Client. Different Clients may have differing investment strategies and expected levels of trading. We may buy or sell a security for a given Client but not for another Client. Such restrictions may impact performance.

#### **Item 17 – Voting Client Securities**

Chronos does not on behalf of Clients vote proxies or provide advice with regard to any proxies solicited by the issuers of securities in which assets of an Account are managed by Chronos or held in a Client Account during the related designated investment period.

#### **Item 18 – Financial Information**

Chronos has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of any bankruptcy proceeding.

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

Not applicable.