

Arbor Capital Management, Inc.

ADV Part 2A - Firm Brochure

This brochure provides information about the qualifications and business practices of Arbor Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (907) 222-7581 or by email at: MKOLESKY@ACMINC.COM. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Arbor Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Arbor Capital Management, Inc.'s CRD number is: 111362

1400 West Benson Boulevard, Suite 575
Anchorage, Alaska, 99503
(907) 222-7581
www.acminc.com
MKOLESKY@ACMINC.COM

Registration does not imply a certain level of skill or training.

Version Date: December 10, 2020

Item 2: Material Changes

Arbor Capital Management, Inc. updates its ADV Part 2A annually, or more frequently in the event of certain material changes. This section outlines and summarizes the specific changes made to this Brochure since our last annual update dated March 3, 2020.

- ◆ We have added digital assets as an asset class that may be included in portfolios for certain clients as appropriate and suitable. Please review Item 8 - Risks Associated with Cryptocurrencies, Tokens, and Other Digital Assets Generally for additional details.
- ◆ We are now offering sub-advisory services to other investment advisors. Please see Item 4 for a description of those services, and Item 5 for fee information.

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Item 4: Advisory Business

A. Description of the Advisory Firm

This firm has been in business since November of 1997, and the principal owners are Matthew Blair Kolesky and Ty Schommer.

B. Types of Advisory Services

Arbor Capital Management, Inc. ("Arbor", "we", or "us") offers the following services to advisory clients ("you", "your" or "client"):

Investment Supervisory Services

We offer ongoing portfolio management services based on your individual goals, objectives, time horizon, and risk tolerance. We then create an Investment Policy Statement ("IPS") for you, which outlines your current situation, (income, tax levels, and risk tolerance levels) and then we construct a plan (the IPS) to assist us with the selection of portfolio components/assets that matches your specific situation.

Based on your IPS, we will create a customized portfolio, which may consist of any or all of the following: mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, third party money managers, digital assets, REITs, and government securities. We may use other securities as well to help diversify a portfolio when applicable.

Investment Supervisory Services include, but are not limited to, the following:

- | | |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy |
| • Asset allocation | • Asset selection |
| • Risk tolerance | • Regular portfolio monitoring |

We evaluate the current investments of each client with respect to their risk tolerance levels and time horizon. We'll request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Financial Consulting Services

Financial Consulting involves accumulating and organizing information about your current and desired financial status and identifying your specific goals and objectives. We accomplish this through interviews and the completion of a data-gathering questionnaire. Takeaways may include recommendations of asset allocation and specific security

selection as well as cash flow models. Financial Consulting does not include legal or tax advice, nor does it grant us discretionary power over your financial accounts.

Sub-Advisory Services – Separate Account Management

Arbor offers digital asset separate account sub-advisory services to unaffiliated investment advisers. In these cases, the third-party adviser (“TPA”) selects Arbor to manage separate accounts overseen by the TPA. Our agreement is with the TPA, not with the end client, and the TPA retains the discretionary authority to hire us, as well as to terminate our services. The TPA is responsible for determining that Arbor’s digital assets are appropriate for the TPA’s client and for ongoing monitoring of our management in light of the end-client’s needs.

C. Client Tailored Services and Client Imposed Restrictions

Arbor offers the same suite of services to all clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement (IPS), or substantially similar materials, which outlines each client’s current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Arbor from properly servicing the client account, or if the restrictions would require Arbor to deviate from its standard suite of services, Arbor reserves the right to end the relationship.

TPA’s may impose reasonable restrictions related to specific digital assets, however as noted above, if these restrictions prevent Arbor from properly servicing the sub-advised account(s), we reserve the right to end the relationship.

E. Amounts Under Management

Arbor has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$223,736,328	\$5,986,389	12/31/2019

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Equities		Equity ETFs/ Mutual Funds/Digital Assets		Fixed Income/Cash	
Amount	Annual Fee	Amount	Annual Fee	Amount	Annual Fee
First \$250,000	1.750%	All	1.000%	All	0.500%
Next \$250,000	1.500%				
Next \$500,000	1.375%				
Next \$1,000,000	1.250%				
Next \$3,000,000	1.125%				
Remainder	1.00%				

The fees shown above are our standard fee schedule. These fees are negotiable, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with ten days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Performance Fees

At our sole discretion, certain Qualified Clients can choose to participate in a Performance Fee billing arrangement with us. Please refer to Item 6 of this document for a completed description of the method and associated risks and conflicts.

TPA Fees

Fees for our management services to TPAs are billed monthly arrears. Our maximum annual rate is 1%. Our fees are negotiable and the specific terms and conditions are described in the TPA agreement. Our agreements with TPAs also specify that, if the TPA intends to pay our fee from the TPA's end-client assets, the TPA is authorized to do so. The actual impact of our fees on those paid by TPA end-clients is determined by the TPA's agreement with its own clients and is entirely separate from the TPA's agreement

with Arbor. This means that some TPA end-clients may pay the TPA additional fees to cover the costs of Arbors services, and some may not.

Hourly Fees

We may perform services for you where the price of the service is based upon the amount of time to complete the service times an hourly rate. The time is rounded to the tenth of an hour. The rate per hour depends upon the level of complexity of the service, experience and expertise of the personnel used to do the work. This negotiable rate would normally not exceed \$250 per hour. The tasks and services to be performed are described in an engagement letter that is signed by you and Arbor that also includes the hourly rate, an estimate of time to complete the project, and the procedure for refund or partial billing if the engagement is terminated before completion. If the engagement is terminated before completion, any completed work product deliverables will be provided if completed and paid for.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Arbor. Please see Item 12 of this brochure regarding broker/custodian.

Management fees paid to Arbor for sub-advisory services are separate and distinct from the fees and expenses charged by third parties. TPA's are also responsible for their own operating and investment expenses. There may be costs, such as for data and research platforms, that we may incur in our decision-making process and pass on to the TPA if agreed between Arbor and the TPA. If applicable, these costs will be detailed in the sub-advisory agreement. Otherwise we are generally responsible for our own operating costs.

D. Prepayment of Fees

Arbor collects fees in advance and in arrears. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be deposited back into client's account within fourteen days.

E. Outside Compensation For the Sale of Securities to Clients

Neither Arbor nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

Performance Fee Option

Certain clients that qualify are offered the option to pay for our services using a Performance Fee. Portfolios managed under a Performance Fee option will be charged a quarterly fee equal to 25% of all investment gains above a 1% (hurdle rate) total investment rate of return with a base annual discretionary fee of .25% to be charged quarterly at .0625% in advance. Each portfolio under the performance fee option will have a fiscal quarter (3 month) for fee calculating purposes, starting on the first full calendar quarter after the assets comprising the Portfolio have been deposited with the Custodian. For any portion of a quarter before the fiscal year starts, the Portfolio will be charged on a prorated basis, 1.00% annually.

Performance fees may be assessed after a full three-month period; therefore, Portfolio's managed under the performance fee option are encouraged to plan new deposits or withdrawals on the three-month anniversary cycle. In the event the client terminates this agreement during the fiscal year of the Portfolio, the client's Portfolio will automatically revert to the fixed rate fee, described in Item 5.A of this document.

The Investment Advisers Act of 1940 and subsequent supporting legislations allows for performance fee arrangements for Qualified Clients that meet either of the following requirements: 1) \$1,000,000 under management with Arbor, or 2) have a personal net worth over \$2,100,000 exclusive of their primary residence. Clients that wish to participate in a Performance Fee arrangement will provide a signed net worth statement or place \$1,000,000 or more under the management of Arbor in order to select the Performance Fee Option.

Client acknowledges a performance fee may be an incentive for the Advisor to make investments that are riskier or more speculative than would be in the case absent a performance fee. This incentive creates a potential conflict of interest between us.

The Advisors fee will be based on unrealized appreciation of assets held in the client's account in addition to realized gains and losses.

Not all clients of Arbor have elected to compensate us using a performance fee billing methodology. Because not all clients are billed in the same way, we have a greater financial incentive to have performance-based fee accounts perform better. If the situation arises where there is a limited investment opportunity or we are unable to completely fill a transaction allocation, we will allocate the available securities on a pro rata basis.

Item 7: Types of Clients

Arbor generally provides management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities
- ❖ Other unaffiliated investment advisors

Minimum Account Size

We do not currently impose a minimum account size on new or existing client accounts.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

Arbor's methods of analysis include fundamental analysis, technical analysis, and cyclical analysis.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Investment Strategies

Arbor uses long term trading, short term trading, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, margin transactions and options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

C. Risks of Specific Securities Utilized

Arbor generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, we utilize margin transactions and options writing. Margin transactions and options writing generally hold greater risk of capital loss and clients should be aware that there is a chance of material risk of loss using any of those strategies. Please see below for additional information related to the risks of specific securities we use.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

While we may purchase individual stocks and bonds for clients, in most cases we invest in exchange traded funds ("ETFs") or mutual funds to obtain exposure to equities, fixed income markets, foreign securities, commodities, real estate, natural resources, and other asset classes. While we describe the risks of ETFs generally, the other risks described below will in most cases also apply to the underlying assets of a specific ETF or mutual fund.

- **Exchange-Traded Funds.** Exchange-traded funds ("ETFs") are funds bought and sold on a securities exchange that attempt to track the performance of a specific index (e.g. S&P 500), a commodity, or a basket of assets such as a set of technology-focused, country-specific, or other sector-specific stocks. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to

track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying securities. ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (i) the risk that their prices may not correlate perfectly with changes in the underlying index; and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable.

- **Common Stocks and Equity-Related Securities.** Prices of common stock react to the economic conditions of the company that issued the security, industry and market conditions, as well as other factors, and may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer's actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly, the value of other equity-related securities, including preferred stock, warrants and options, may also vary widely.
- **Small- and Mid-Cap Securities.** Securities of small-cap issuers may present greater risks than those of large-cap issuers. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers.
- **Foreign Securities.** The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the US, and securities of some foreign companies are less liquid and more volatile than securities of comparable US companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than US markets. Further, many foreign governments are less stable than the US. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries. While we typically gain exposure to foreign markets through ETFs, funds, or similar pooled vehicles rather than investing directly in foreign securities, the limited liquidity of some foreign markets may affect our ability to acquire or dispose of securities at a price and at the time we think is advisable. We may also obtain exposure to foreign markets through debt securities with multi-national banks. These securities pose the

risks associated with domestic fixed income securities, as well as the risks posed by foreign securities. Overseas investments are subject to fluctuations in the value of the dollar versus the local currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Fixed Income Securities.** Prices of fixed income instruments (e.g. bonds) can exhibit volatility and change daily. Fixed income investments present numerous risks, including credit, interest rate, reinvestment and prepayment risk, all of which affect price. For instance, an increase in interest rates will generally cause the price of bonds to go down. If the security is held to maturity and the issuer does not default, the client should receive the face amount of the bond at the maturity date, as well as stated interest payments while the bond is held. In this case, the change in price prior to maturity may not affect the client. If the client sells prior to maturity, however, the investor would likely experience a loss. Where a client's fixed income exposure is to bond funds or fixed income ETFs, the fund or ETF does not itself "mature," although different issues held by the fund/ETF will mature and will experience price fluctuations. Investors are therefore highly dependent on the manager's ability to accurately anticipate the impact of rate changes and to appropriately manage the portfolio to achieve both adequate returns and reasonable risk. The US has experienced a prolonged period of historically low interest rates; future rate increases could have a material negative impact on the value of current fixed income holdings. In addition, the value of fixed income securities may decline in response to events affecting the issuer, its credit rating or any underlying assets backing the instruments. For corporate bonds prices may be especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. The prices of high-yield, fixed income securities fluctuate more than high-quality debt issues. High-yield securities can experience sudden, sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors. In the event of a default, the investment may suffer a partial or total loss.
- **Alternative Strategy Mutual Funds/ETFs.** Certain mutual funds or ETFs invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates, and price volatility because of the fund's concentration in the real estate industry.

- **Options/Derivatives:** Purchasing a long option gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor writes (or sells) an option, if the buyer exercises the option prior to expiration, the investor is obligated to deliver to the buyer of the option a specified number of shares, a pre-determined price per share, or the calculated money difference. The seller receives a premium in exchange for writing the option. The potential loss on short (naked) call options is hypothetically unlimited and this is not a strategy we employ (we generally limit our options activity to writing covered calls), but may be used by ETFs, funds, or third party managers we select. Options are wasting assets and expire on pre-determined dates. Commission charges for option transactions may be higher than those assessed for other assets, such as individual equities.
- **Market Liquidity Risks.** The value of securities held in client accounts 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 such as those that occurred in 1987, in 2001, 2008, and the “Flash Crash” in May 2010 (the biggest one-day point decline, 998.5 points, on an intraday basis in Dow Jones Industrial average history) could lead to violent price swings in securities held within client portfolios and could limit the ability to buy or sell securities. Liquidity risks can result in substantial losses.
- **Volatile Markets.** Securities prices can be highly volatile. Many things influence prices, including interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs, government policies, and national and international political and economic events. Clients are also subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.
- **Short Selling.** We do not typically employ short selling in our client portfolios but funds or ETFs purchased for clients may use short selling. We may also use short funds or ETFs on a limited basis in client portfolios. Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the client of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position are available for purchase at or near prices quoted in the market. Purchasing securities to close out

the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Risks Associated with Cryptocurrencies, Tokens, and Other Digital Assets Generally

As appropriate and suitable, we may recommend cryptocurrencies, tokens, or other digital assets ("Tokens"). As a new technological development, investing in digital assets is subject to different risks in addition to those traditionally associated with the trading of assets. These Tokens are highly speculative and can lose some, or all of their value, are not covered by FDIC or SIPC insurance.

- **Protocol and Governance Risk.** Tokens are a relatively recent technological innovation. Bitcoin is widely considered to be the first popular Token and was invented in 2009. Other Tokens in which we may invest were created after Bitcoin. There can be no assurance that the Token industry will continue in its current form. Tokens are generally created and supported by an underlying blockchain or protocol, such as the Bitcoin Protocol or the Ethereum Protocol. Any malfunction, malicious attack, breakdown or abandonment of the network may have an adverse effect on the Token's protocol or network which could lead to loss of value of the Token. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the Tokens by rendering ineffective the cryptographic consensus mechanism that underpins a Token's protocol. There can be no assurance that changes or developments in Token protocols will not adversely impact your Account. The protocols on which Tokens are based are generally open source (permissionless) software. Any user can download the software, modify it and then propose that users and miners of a specific Token adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the Token's protocol and network remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "fork" (i.e., "split") of the Token's network (and the Blockchain), with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the Token's network running in parallel, but with each version's Token lacking interchangeability.
- **Custodial and Exchange Risk.** The trading of Tokens is fragmented across several different exchanges. These exchanges are targets for distributed denial of services attacks (referred to as "DDoS Attacks") and other hacking attempts. Certain Token exchanges have experienced trading disruptions due to fraud, failure, security breaches and DDoS Attacks. In 2014, Mt. Gox, based in Japan and the then-largest

Bitcoin exchange, was hacked and over \$450 million worth of Bitcoin was stolen, causing Mt. Gox to file for bankruptcy protection. In 2016, Bitfinex, an exchange based in Hong Kong, reported that approximately \$65 million worth of Bitcoin had been stolen during a security breach. In 2018, Coincheck, an exchange based in Japan, reported that approximately \$400 million worth of NEM tokens were stolen during a security breach. There can be no assurance that your Account Tokens will not be adversely affected by an attack on a Token exchange. Client accounts will hold Tokens in one or more digital “wallet” that Arbor, in its sole discretion, deems appropriate for any such Token. These wallets or accounts will be held at a qualified custodian. Storage of a Token in the digital wallet generally represents the public address associated with the underlying Blockchain, which is known as the “public key.” In order to transfer a Token to or from the digital wallet, the controller of the wallet must also have the unique, private numerical code, often referred to as the “private key.” To the extent a private key in respect of any Token is lost, destroyed, accessed by a third party or otherwise compromised and no backup of the private key is accessible, the Account or its custodian will be unable to transfer the Token held in the public wallet address associated with that private key. Consequently, such Tokens will effectively be lost, which could adversely affect the value of your portfolio. The custodian may periodically store Tokens in “hot wallets” which are connected to the internet to facilitate transactions in Tokens. Tokens stored in “hot wallets” may be more susceptible to theft or compromise than Tokens stored in other digital wallets. There can be no assurance the Token storage process will not be compromised.

- **Regulatory Uncertainty.** Regulation of Tokens and Token trading continues to evolve in the United States and foreign jurisdictions. Regulatory actions could negatively impact Tokens in various ways, including, for purposes of illustration only, through a determination that one or more Tokens are regulated financial instruments or securities that require registration or licensing. Regulators, including state, federal, or foreign regulators, as well as state and federal agencies, may also determine that trading or transacting in Tokens is an activity requiring licensing or is otherwise subject to regulation under existing law. State and federal regulators may also assert that a Token or Token trading is being conducted unlawfully under interpretations of existing law and may take action at any time to freeze or stop Tokens from being released or traded, and regulators may assert criminal or civil claims against Token companies or Token trading participants, without notice. The basis for regulatory claims can include anti-money laundering or anti-terrorist financing regimes. There can be no assurance that Tokens in which we invest will not be adversely affected by increases in regulatory activity concerning particular Tokens or Token exchanges or trading platforms.

- **Unanticipated Risks.** Cryptographic tokens and digital assets are new and still largely untested. In addition to the risks outlined in this Brochure, there are other risks associated with the purchase of Tokens that Arbor is unable to anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this Brochure.

Item 9: Disciplinary Information

In 2011 we failed to update our disclosure materials to reflect changes in the company's ownership structure. The inaccurate disclosure materials were provided to clients and prospective clients. We also failed to renew our company's notice filing and investment advisor representative state registrations. In 2013, we agreed to a Consent Order with the State of Alaska and paid penalties to the state totaling \$7,000.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither Arbor nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Arbor nor its representatives are registered as a FCM, CPO, or CTA.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither Arbor nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

Arbor does not utilize nor select other advisors or third party managers. All assets are managed by Arbor management.

Matthew Kolesky has written a book about soccer in the United States titled *When America Wins the World Cup: Shifting the sports culture*. The book did not and is not expected to consume any of his time during business hours.

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

A. Code of Ethics

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

B. Recommendations Involving Material Financial Interests

Arbor does not recommend that clients buy or sell any security in which a related person to Arbor has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of Arbor may buy or sell securities for themselves that they also recommend to clients. Arbor will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of Arbor may buy or sell securities for themselves at or around the same time as clients. Arbor will always act in the best interest of the client. We must purchase with client block transaction or be one trading day away from client transaction.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

Arbor may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered

broker dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. We are an independently owned and operated and not affiliated with Schwab. Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. These services are contingent upon Arbor committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research and access to mutual funds and other investments which are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For clients investing in digital assets, we recommend clients establish an account with Gemini Custody, a qualified custodian under New York Banking Law. We are not affiliated with Gemini Custody and we do not receive any research or other soft dollar benefits from Gemini Custody.

1. Schwab - Research and Other Soft-Dollar Benefits

We do not receive research, products, or services other than execution from a broker-dealer or third-party and we do not have any formal soft dollar arrangements in connection with client securities transactions ("soft dollar benefits").

2. Brokerage for Client Referrals

For Arbor client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to other products and services that benefit us but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Arbor's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Arbor in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Arbor's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Schwab Advisor Services also offers other services intended to help us manage and further develop our business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management that may include a discount on these services

and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Arbor . Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

3. Clients Directing Which Broker/Dealer/Custodian to Use

Excluding the purchase of digital assets, Arbor allows clients to direct brokerage. We may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients' money because without the ability to direct brokerage, we may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

B. Aggregating (Block) Trading for Multiple Client Accounts

Excluding digital assets, Arbor maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least quarterly by Matthew Blair Kolesky and Ty Schommer. The chief advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at Arbor are assigned to these reviewers.

Digital Asset Account reviews are conducted bi-monthly by Matthew Blair Kolesky, and Kirby Houchin.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

All Arbor clients will receive a quarterly statement from the custodian of record which will include, but not be limited to: all transactions for the period, current balance, current securities holdings and fee deductions. Upon specific request, Arbor will provide additional comprehensive reports and related reviews of your portfolio holdings.

For Sub-Advised digital asset account, reporting details will be reflected in the TPA Agreement. But no less than quarterly.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

Arbor does not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients.

B. Compensation to Non -Advisory Personnel for Client Referrals

Arbor receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with us. Schwab does not supervise Arbor and has no responsibility for our management of clients' portfolios or our other advice or services. We pay Schwab fees to receive client referrals through the Service. Our participation in the Service may raise potential conflicts of interest described below.

Arbor pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by us is a percentage of the fees the client owes or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. We pay Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to us quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by us and not by the client. We have agreed not to charge clients

referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service.

Arbor generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees we generally would pay in a single year. Thus, we will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of our clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from the accounts. For accounts of Arbor's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from our clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, we may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Arbor nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for our other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers. For this reason, we have all clients fill out a Prime Broker form in case we can get a better fill or obtain securities not offered through Schwab.

Arbor has entered into written arrangements where it will pay individuals or entities not associated with us for successful referrals of new clients. The money paid to these other individuals or entities is a percentage of the investment advisory fees that the new client pays us or the value of accounts under our management. Because these non-associated individuals or entities receive payment for successful referrals a conflict of interest exists between prospective clients and the referrer. The compensation arrangement between Arbor and the referrer is disclosed to prospective clients before they enter into an investment advisory relationship with us.

Item 15: Custody

Arbor does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the Custodian. Clients will receive account statements from the custodian and should

carefully review those statements. We urge clients to compare the account statements they receive from the custodian with those they receive from Arbor , if requested.

Item 16: Investment Discretion

For those client accounts where Arbor provides ongoing supervision, we maintain limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

For sub-advised accounts, we maintain limited power of authority of client accounts with respect to the assets to be bought and sold and the amount of assets to be bought and sold. This authority is granted through our agreement with the TPA.

Item 17: Voting Client Securities (Proxy Voting)

Arbor will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

Arbor does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither Arbor nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

Arbor has not been the subject of a bankruptcy petition in the last ten years.