

FORM ADV: Uniform Application for Investment Adviser Registration Part 2A – Firm Brochure

Item 1: Cover Page

Name of Investment Adviser:	Xantos Labs, LLC
CRD #:	302005
Business Address:	6108 Seville Drive, Austin TX
Website:	www.xantoslabs.com
Date of Brochure:	December 18, 2020

This brochure (the "Brochure") provides information about the qualifications and business practices of Xantos Labs LLC, an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). The Firm's registration does not denote a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at support@xantoslabs.com

The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about Xantos Labs LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

Xantos Labs has made the following material changes to its last amendment to the Brochure which was dated September 2020:

- Item 4: Updated to regulatory assets under management.
- Item 12: The firm may permit direct brokerage for some clients.

The above list only shows material changes. Additional updates were made incidental to the above material changes.

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ITEM 4: ADVISORY BUSINESS

Xantos Labs LLC ("Xantos" or the "Firm") is a registered investment adviser formed as a legal entity in the State of Texas on 12/18/2018. The firm implements quantitative investment strategies on behalf of its clients. It provides or will provide investment management services to client accounts that invest in a variety of securities. All client accounts managed by the Firm are hereinafter referred to as "Xantos managed accounts" or "XMA's". The Firm does not participate in any wrap fee programs.

Principal owners owning 25% or more of the Firm include: Mr. Chukwuchebem Orakwue (who holds an approximate 52% stake).

Mr. Chukwuchebem Orakwue serves as the Managing Partner and Chief Compliance Officer.

Xantos uses a combination of fundamental and quantitative analysis - specifically, mathematical and statistical methods, to uncover technical indicators that drive its automated trading and portfolio management systems. These systems, or models, are the product of an extensive research effort by Xantos' technical staff who hold advanced degrees in engineering, finance and economics.

The Firm's quantitative analysis and trading activities are applied to mature, highly liquid, publicly traded instruments in U.S. and non-U.S. equities.

Generally, the Firm provides its advisory services to client accounts employing net-long trading strategies in U.S. and non-U.S. equity securities that are publicly traded on U.S. securities exchanges. Thus, in effect, Xantos trades on behalf of investors using the aforementioned strategies. Beyond this offering, the Firm does not tailor its advisory services to investor requirements. Furthermore, the Firm does not accept client-imposed investment guidelines and restrictions. The Firm offers services to individuals, pension and profit-sharing plans, trusts, estates, foundations, charitable organizations, corporations and business entities.

A client must also open a securities brokerage account with one of the Firm's recommended broker dealers and provide discretionary authority over that account to Xantos Labs. Brokerage accounts, agreements, and order processing will be conducted through SEC registered broker-dealers that provide brokerage related services to Xantos Labs LLC and clients.

As of 12/21/2020, the Firm's regulatory assets under management (rounded to nearest \$100,000) totaled \$900,000. All assets are managed on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

The Firm's Advisory fees are set forth in the Investor Advisory Agreement. They are not negotiable and lower fees for comparable services may be available from other sources. Generally, clients are assessed a management fee equal to a percentage of the net asset value of the client's accounts. The management fee is prorated and charged quarterly, in arrears, based upon the market value of the average daily account balance of the securities portfolio over the preceding quarter. Management fees are payable regardless of profitability and may be charged during periods of loss. The management fee is: 100 basis points (1.00%) per year.

Management Fee	1.00% of net asset value	Quarterly fee, payable quarterly in arrears
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Certain other fees are not included in the advisory fee and are paid for separately by the client. Client accounts managed by Xantos bear the following expenses:

1. Transaction costs and investment-related expenses incurred in connection with trading activities, including margin interest (if any), brokerage, clearing, and custodial expenses;
2. In connection with specific transactions, certain professional fees for independent accountants, attorneys, or other experts or consultants (note that Xantos pays certain operating costs, including, e.g., those incurred with respect to auditing financial statements, and preparing tax returns, as well as professional fees of attorneys unrelated to specific transactions and, if applicable, corporate services provider fees);
3. extraordinary expenses (e.g., litigation costs and indemnification obligations), if any; and
4. taxes and fees payable to governmental agencies or authorities.
5. legal, bookkeeping, accounting, administration, auditing, tax preparation, insurance, and related charges;

No supervised person(s) at the Firm accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. For additional information on the Firm's brokerage practices, refer to Item 12.

In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Account Additions and Withdrawals: Clients may make additions to and withdrawals from their account at any time, subject to the Firm's right to terminate an account. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. The Firm may consult with its clients about the options and implications of transferring securities. Clients are advised that

when securities are liquidated, they may be subject to transaction fees, and/or tax ramifications.

ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described above, the Firm provides its advisory services to individual client accounts. Investors are able to benefit from the quantitative analysis and in-house developed trading strategies; they are not charged performance-based fees. All client accounts managed by the Firm trade according to the same strategy. Given the nature of the Firm's trading systems and strategies, no subset of investors can be favored over another.

As there are no differences in trading strategies and fee structures, and given that funds are not pooled, there are no potential conflicts across clients regarding order placement or allocation. The Firm operates its models independently for each client account; they do not interact with one another.

ITEM 7: TYPES OF CLIENTS

The Firm offers services to individuals, pension and profit-sharing plans, trusts, foundations, estates, charitable organizations, corporations and business entities. As set forth above in Item 4: Advisory Business, Xantos' clients include the Accounts.

Accounts	Minimum Initial Investment	Minimum Investment Required to Maintain Account
Individual	\$5,000	\$5,000, as applicable, or such lesser amount as Xantos or its principals may permit
All others	\$500,000	\$500,000, as applicable, or such lesser amount as Xantos or its principals may permit

The firm may, in its sole discretion, negotiate or waive these minimums from the range set forth above based upon certain criteria, such as anticipated future earning, capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

As stated above, the Firm uses quantitative analysis, specifically, mathematical and statistical methods. This analysis is used to construct proprietary computer models that use publicly available financial data to identify and implement trading decisions. The Firm uses these computational trading models to seek appreciation of assets through speculative trading in securities-related and futures-related financial instruments.

The Firm trades global equity securities that are publicly traded on U.S. securities exchanges and derivatives thereon with the objective of achieving a long-term risk-adjusted return that, on a gross basis, exceeds that of the XMA's benchmark index; the Standard & Poor's 500 Index with dividends reinvested.

Prospective investors in Xantos client accounts should be aware that their investments are speculative and volatile, involve a substantial degree of risk, and are suitable only for investors who can tolerate significant risk. Past performance is not indicative of future performance, and there is no assurance that any of the accounts will achieve their investment objectives, particularly in periods of market turmoil. Investors may experience a loss of some or all of their investments in their accounts. Investors may also incur tax-related risks and should discuss such risks with their tax advisers. Investors have limited liquidity rights but account positions and transactions will generally be disclosed to investors, though investors do not participate in management decisions.

If a Xantos client account is unable to obtain prompt execution of its orders at desired prices, the account's performance may be adversely affected. In addition, the accounts are subject to risk of loss if their financial intermediaries become insolvent or bankrupt or are unable to satisfy creditor claims, deliver securities in their custody, or execute transactions. In these circumstances, the accounts' operational capabilities or capital positions could be impaired.

Changes in existing law and government regulations may adversely affect the returns of the accounts. New interpretations of existing laws and regulations might also cause an account to become the target of regulatory proceedings. In recent years, new laws and regulations have provided additional oversight of financial markets around the globe. These include more stringent registration and disclosure requirements and other heightened oversight requirements for private investment funds and their advisers; new or increased restrictions with respect to certain trading techniques and related financial instruments (e.g., short sale restrictions, clearing and trading of over-the-counter derivatives, and enhanced speculative position limits); potential changes to the tax treatment of U.S. and non-U.S. investment

vehicles and their advisers; the creation of a single systemic risk regulator with oversight and authority over substantially all U.S. financial markets; and other substantial changes to the broader legal and regulatory framework in which such funds operate. Many of the changes are found in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"). While many provisions of the Dodd-Frank Act have become effective, some important implementing rules and regulations (including many relating to derivatives) have not yet been finalized, so their full impact is unknown. The regulation of private investment vehicles and their transactions is also subject to future modification by further legislative, executive, or regulatory action as well as judicial review. In addition, federal, state, local, or foreign regulations may contain reporting or other disclosure requirements that may impose an onerous administrative burden on an account or require the disclosure of confidential information. As a result, the Firm may initiate certain holding limits on an account or reduce the size of certain positions.

The accounts rely on the Firm's information and data management systems, which can fail or be subject to interruption or destruction caused by natural or man-made occurrences. Any failure, interruption, or destruction of the Firm's information technology systems or data could have a material adverse impact on the trading and portfolio management operations on the accounts and result in the theft, disclosure, or loss of sensitive information.

THE FOLLOWING IS A BRIEF SUMMARY OF THE MATERIAL RISKS ASSOCIATED WITH THE FIRM'S METHODS OF ANALYSIS AND INVESTMENT STRATEGIES.

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

The activities of the Firm on each account are speculative and involve a high degree of risk. There is no assurance that the Firm's computational and risk management techniques and investment decisions will not expose an account to significant losses. In addition, the Firm's analytical techniques cannot provide any assurance that an account will not be exposed to significant trading losses if the underlying patterns of market behavior studied by the Firm (which provide the basis for its statistical models) change in ways the Firm did not anticipate.

The Firm's strategies and trading systems make extensive use of computers. The Firm directs the purchase or sale of investments for the accounts in accordance with computer-generated trades. The use of a computer in collating information or in developing and operating a trading method does not assure the success of the method. A computer is merely an aid in compiling and organizing information and in executing algorithms developed by human beings. In addition, while the Firm rarely intervenes in its computer trading systems, there may be occasions on which human beings must manually input corrections or updates to the data or models used by the computer system. Accordingly, no assurance is given that the trading decisions based on computer-generated information (and, in certain cases, occasional human intervention) will produce profits for the accounts.

Trading decisions made by the Firm for each account are based on a variety of statistical models, including forecast models, risk models, cost models, and beta models. As applicable, the profitability of an account depends on the accuracy of the underlying forecast and cost models; the risk control of an account relies on the accuracy of the risk models; and the market exposure of a client account relies on the accuracy of the beta models. No assurance can be given of their accuracy. Flaws in these models could prevent an account from achieving its investment objectives.

The Firm may engage in hedging activities on behalf of its managed accounts to attempt to reduce risk. There is a substantial risk, however, that such hedges will not be effective in limiting losses. In fact, such hedges could result in a substantial loss, notwithstanding the fact that they were intended to reduce risk. Many hedging instruments (including but not limited to futures, forwards, swaps, and options) may encumber a small amount of cash relative to the magnitude of the risk assumed. Furthermore, many hedging instruments may result in a loss if the other party to the transaction does not perform as promised. In addition, the Firm uses various risk control measures – including adjustments to reserves – to attempt to reduce market and other risks. There is no assurance that these risk control measures will be successful.

Many countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu, and, currently, the novel coronavirus (COVID-19). Epidemics or pandemic outbreak of an infectious disease, together with any resulting restrictions on travel, transportation, or production of goods, stay-at-home orders or quarantines imposed, will likely have a negative impact on the business activity in some if not all of the countries in which the Firm invests and on the regional, or global economy, thereby adversely affecting the performance of the investments. A continued escalation in any outbreak could see a continual and drastic decline in global economic growth. Epidemics may lead to significant volatility in the global financial markets, and any future outbreak of an infectious disease or any other serious public health concern may lead to additional volatility and illiquidity of the Firm's investments, the imposition of emergency or extraordinary regulatory restrictions on markets and trading activities, and significant interruption in the normal business activity of Xantos and the Fund's other service providers (including financial intermediaries), which could materially harm the Firm's investments and negatively affect the performance of investments in Xantos' managed accounts.

Xantos' managed accounts or XMASs encounter the following set of risks based on its style of trading and investment objectives.

- **High Portfolio Turnover:** The XMASs may be subject to a high portfolio turnover rate, which results in high transaction costs. In addition, the XMASs' trading activities can generate taxable income for investors that is significantly greater or less than the investor's net economic gain or loss.

- **Non-U.S. Equity Risks:** The XMA's trade in global markets. Trading in equities on securities markets outside of the U.S. exposes the XMA's to additional risks. Non-U.S. securities markets may not be as developed, liquid, or efficient as those in the U.S., and securities of non-U.S. issuers may be less liquid and their prices more volatile than comparable securities of U.S. issuers that are traded on U.S. exchanges. Non-U.S. markets and non-U.S. issuers of securities generally are subject to less stringent or different regulations than are U.S. markets and issuers. Custodial and brokerage expenses for transactions in non-U.S. equity securities may be higher than for transactions in U.S. securities. Since non-U.S. securities are often purchased with and payable in foreign currencies, the value of these assets as measured in U.S. dollars may be affected by changes in currency rates and exchange control regulations.
- **Exchange Traded Funds (ETFs):** – The XMA's trade ETFs. ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds, or other instruments and are generally designed to correspond to the return of the relevant index.
- **Long Holding Periods :** The accounts' portfolio may be exposed for long periods of time to market risks with respect to particular positions held. Given that market movements are more difficult to predict over the long term than in the short term, these long holding periods may exacerbate the potential risk of loss.
- **Position Size:** The XMA's may hold significant individual positions. Such large positions can be difficult to exit quickly without affecting their prices.
- **Standard Deviation:** The XMA's may operate with a target for empirical standard deviation. There can be no assurance that this standard deviation target will be met. The target is not a guarantee or prediction of volatility.
- **Automated Investing:** The XMA's relies on static questionnaires consisting of a limited number of questions that form the sole basis for its investment recommendations. Such questionnaires are very limited in nature. The questions may not, or may not accurately, capture an individual client's needs. Although clients may change and update their responses, The Firm does not, at this time, make investment advisory personnel available to clients to highlight and explain important concepts or clarify the details of a specific client's financial goals and needs. Online and electronic interactions are limited compared to face-to-face individual advice.

Risks to trading in **equities** include but are not limited to the following:

- **Volatility:** Securities prices are highly volatile due to changing supply and demand relationships, changes in interest rates, currency fluctuations, and government, trade, fiscal, and economic events.
- **Currency Fluctuations and U.S. Dollar-Denominated Securities:** Issuers of U.S. dollar-denominated securities are subject to currency fluctuations between the value of the U.S. dollar and the other currencies in which they transact business.

- **Short Sales:** There is a theoretically unlimited risk of an increase in the market price of securities sold short.
- **Derivatives:** Privately negotiated total return swaps and similar agreements based on the performance of equity securities expose the Funds to increased risks, including counterparty default, premature termination, adverse changes in market conditions, the substantial cost of entering into and maintaining transactions, limited liquidity, and a lack of market transparency.
- **Options:** Sellers of uncovered call options assume the risk of a theoretically unlimited increase in the market price of the underlying security while sellers of uncovered put options assume the risk of a decrease in the market price of the underlying security possibly to zero. Buyers of options risk losing their entire investment.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events that would be material to a client or prospective client's evaluation of the advisory business of the Firm or to the integrity of its management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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

No management persons of the Firm are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The Firm and its related persons do not recommend or select other investment advisers for the Firm's clients. Additionally, the Firm and its related persons do not receive compensation directly or indirectly from any advisers that creates a material conflict of interest.

No management persons of the Firm maintain any relationship or arrangement that is material to the Firm's advisory business or clients.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

Xantos has adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 that is applicable to employees of Xantos and its subsidiary ("Employees"). The Code and other written policies set forth in the Firm's Code of Ethics and Compliance Manual require Employees to exercise their authority and responsibility for the benefit of clients and to refrain from activities that may conflict with the interests of clients, including, among other things, policies and procedures that do the following:

- prohibit trading on the basis of material nonpublic information;
- prohibit Employees from taking personal advantage of opportunities belonging to clients;
- place limitations on personal trading by Employees and impose reporting obligations with respect to such trading;
- require Employees to obtain preclearance of transactions in private placements;
- prohibit Employees from participating in initial public offerings;
- impose limitations on the giving or receiving of gifts and entertainment;
- place limitations on political contributions by certain Employees and impose reporting obligations with respect to such contributions pursuant to "pay to play" rules; and
- restrict Employees' outside business activities.

The Chief Compliance Officer monitors compliance with these and all other aspects of the Code and related Firm policies.

The Firm will provide a copy of the Code of Ethics to a client or prospective client upon request.

Employees may invest to a limited extent in the same securities recommended for the accounts, subject to significant personal trading restrictions, including (i) an account approval requirement, (ii) an account reporting requirement, (iii) a preclearance requirement, (iv) a holdings and transaction disclosure requirement, (v) a holding period requirement, and (vi) a trading ban with respect to certain instruments. Exceptions may be granted only with the approval of the Firm's Chief Compliance Officer.

Xantos' Employees, as described above, are subject to significant personal trading restrictions, including a holding period requirement. This, coupled with the Firm's style of trading (described above in both Item 3: Advisory Business and Item 8: Methods of Analysis, Investment Strategies and Risk of Loss), reduces the risk of an Employee trading securities for his or her personal account(s) at or around the same time that an account is trading the same securities.

Neither the Firm nor any persons associated with the Firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure. All and any material conflict of interests has been disclosed in this brochure.

ITEM 12: BROKERAGE PRACTICES

Xantos does not aggregate orders across client accounts. The Firm operates the models for each client account independently from one another; they do not interact with each other. The models direct the purchase or sale of investments for the client account independently from one another in accordance with computer-generated trades. As the Firm does not aggregate orders, allocated securities are based on the average price independently achieved for each

client account. To minimize the cost to clients of not aggregating when executing such a transaction via broker-dealers, the Firm considers the commission rates and execution capability in selecting broker-dealers.

As a matter of policy in selecting broker-dealers to execute transactions for its clients, the Firm seeks the best available overall terms, based on a variety of factors, including the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the competitiveness of commission rates; the borrowing terms or securities lending arrangements available from the broker; and the financial strength, integrity, and stability of the broker. Recognizing the value of these factors, Xantos may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction or series of transactions. Xantos regularly evaluates the placement of brokerage and the reasonableness of commissions paid. However, the Firm is not obligated to solicit competitive bids or seek the lowest available commission costs.

Although Xantos also may consider the quality, comprehensiveness, and frequency of available research and related services to be of value, Xantos will not receive any "soft dollar" benefits from brokers. If in the future Xantos determines that it will accept research, it will pay using hard dollars or soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended. It will be disclosed to investors and generally used for the benefit of all clients.

Some Clients may instruct the Firm to use one or more particular brokers for the transactions in their Accounts. Clients who may want to direct the Firm to use a particular broker should understand that this may prevent the Firm from obtaining the most favorable net price and execution. Thus, when directing brokerage business, Clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that the Firm would otherwise obtain for its Clients. Clients are encouraged to discuss available alternatives with the Firm.

The Firm recommends the brokerage and custodial services of Alpaca Securities LLC ("Alpaca") and Clients are limited to the recommended Custodian. In all cases, the recommended Custodian is a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Not all advisers require clients to direct brokerage. This recommendation is made solely due to the nature of the Firm's trading strategies and the Firm has no economic relationship with the recommended Custodian that creates a material conflict of interest. The Firm believes that the recommended Custodian provides quality execution services for clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. The Firm also considers the quality of the brokerage services provided by the Custodian, including the value of the Custodian's reputation, execution capabilities, commission rates, technological capabilities and responsiveness to our clients and our firm. In recognition of the value of the services the

Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

The Firm does not receive Client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

ITEM 13: REVIEW OF ACCOUNTS

Xantos monitors compliance with the investment objectives of its clients at quarterly meetings attended by all principals. At these meetings, the previous quarter's performance and any matters that led to system adjustments may be reviewed and discussed. Proposed enhancements and changes to the Firm's computerized models are reviewed and approved when appropriate.

The Firm reviews client accounts on a periodic basis as set forth above. Additional reviews may be conducted at the request of senior management.

Chukwuchebem Orakwue, Managing Partner; will monitor client accounts on an ongoing basis and will conduct account reviews at least quarterly, to ensure the advisory services provided are consistent with investment needs and objectives. The individuals conducting reviews may vary from time to time, as personnel join or leave the Firm. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- security specific events,
- market moving events,
- contributions and withdrawals,
- year-end planning and/or,
- changes in risk/return objectives.

The Firm will provide additional or regular written reports in conjunction with account reviews to investors in XMAs. The reports will contain relevant account and/or market-related information such as a list of holdings and account performance, etc. Investors in XMAs will receive trade confirmations and monthly or quarterly statements from the broker-dealer, bank or other qualified custodian.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

As a matter of policy and in accordance with applicable law, existing clients may not invite new clients for a fee discount or referral fee.

The Firm may directly compensate third-party non-employee (outside) consultants, (non-client) individuals, and/or entities (Solicitors) for Client referrals. In order to receive a cash

referral fee from the Firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If a prospective Client were referred to the Firm by a Solicitor, the Client should have received a copy of this Disclosure Brochure along with the Solicitor's disclosure statement at the time of the referral. If the prospective becomes a Client, the Solicitor that referred the Client to the Firm will either receive a percentage of the advisory fee the Client pays the Firm for as long as they remain a Client with the Firm, or until such time as the agreement with the Solicitor expires, or a one time, flat referral fee upon the prospective Client signing an advisory agreement with the Firm. Clients will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon the Client opening an account managed by Xantos. Therefore, a Solicitor has a financial incentive to recommend the Firm to others for advisory services. This creates a conflict of interest; however, Clients are not obligated to retain the Firm for advisory services. Comparable services and/or lower fees may be available through other firms. Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. The firm requests that its Solicitors disclose to prospective Clients whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

ITEM 15: CUSTODY

All funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. The Firm does not have physical custody of any assets of the XMASs, but some Clients permit the Firm to deduct advisory fees directly from the XMASs. In addition to these services, clients authorize us to give the custodian instructions for the purchase, sale, conversion, redemption, exchange, or retention of any security, cash or cash equivalent, or other investments for the client's account. The Firm may, but is not obligated to, issue separate written reports regarding the Accounts to Client. These reports may include a list of current holdings, performance data, statement of gains and losses, advisory fees, or a financial markets summary. Investors in XMASs will receive trade confirmations and monthly or quarterly statements from the broker-dealer, bank or other qualified custodian. The account statements from other qualified custodian(s) will indicate the amount of the Firm's advisory fees, if any, deducted from Client Account(s) each billing period. Clients are urged to compare any reports received from Xantos Labs to the statements received from Custodian. Clients will receive transaction confirmations from Custodian shortly after executing purchases and sales. Additionally, Custodian will send statements to Client as stated in Custodian agreement. This ability to deduct the Firm's advisory fees directly from Client Account(s) does not cause the Firm to have custody over Client's funds or securities.

ITEM 16: INVESTMENT DISCRETION

Subject in certain instances to restrictions contained in its investment management agreements described below, the Firm will be granted discretionary authority to determine the

type and amount of securities to be purchased or sold for the accounts as well as the broker or dealer to be used for a purchase or sale of securities for the accounts.

The Firm exercises its investment authority on behalf of the trading entities within each account pursuant to provisions in each of the trading entities' investment management agreements, as applicable. The Firm exercises its investment authority on behalf of the Accounts pursuant to written investment management agreements.

ITEM 17: VOTING CLIENT SECURITIES

The Firm does not exercise voting authority over Client proxies.

The Firm does not retain the authority to vote any proxies that are solicited for securities held in the Accounts. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. The Firm does not take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the Accounts may be invested from time to time.

ITEM 18: FINANCIAL INFORMATION

The Firm does not require prepayment of more than \$500 in fees per client, six months or more in advance. Accordingly, no balance sheet is attached.

The Firm is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

The Firm has never been the subject of a bankruptcy petition.