

**Form ADV Part 2A: Disclosure Brochure**

**All Terrain Financial Advisors**

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**March 30, 2020**

**This brochure provides information about the qualifications and business practices of All Terrain Financial Advisors. If clients or prospective clients have any questions about the contents of this brochure, or to request the most recent version of this brochure free of charge, please contact us at (612) 216-3501 and/or [clientservice@alltfa.com](mailto:clientservice@alltfa.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 All Terrain Financial Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for All Terrain Financial Advisors, LLC is 286683.**

**Any references to All Terrain Financial Advisors, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

## Item 2: Material Changes

At least annually, this section will discuss material changes that are made to this brochure. Additionally, reference to the date of the last annual update to this brochure will be provided.

The material changes discussed are only those changes that have been made to this brochure since the firm's last annual update.

Pursuant to SEC Rules, we will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, which is December 31st. We will further provide other ongoing disclosure information about material changes as necessary. Additionally, we will provide a new brochure as necessary, based on changed or new information, at any time, without charge.

The prior annual update to this brochure was dated March 2019. Material Changes subsequent to that update are summarized below.

1. Under Item 4 Regulatory Assets Under Management were updated as follows:

Discretionary regulatory assets under management as of March 16, 2020 are \$273,572,291 and \$150,771,487 non-discretionary regulatory assets under management.

2. Under Item 4, "Discretionary Asset Management Services" the following language was added for clarity:

ATFA will manage assets in good faith and in furtherance of clients' disclosed investment objectives, risk tolerance, investment horizon, age, wealth, income, and other factors relevant to suitability of investments.

3. Under Item 4, "Non-Discretionary Asset Management Services" the following paragraph was edited to provide clarity of the service:

Clients can choose to engage with ATFA on a non-discretionary basis. Non-Discretionary means ATFA will not have authorization to place trades in the client's account without first consulting with the client and receiving explicit authorization for the purchase or sale of securities or other investments, with the exception of the management fee provision related to insufficient funds to collect fees (see Item 5). ATFA must receive a communication which we deem sufficient to constitute authorization to execute transactions. Sufficient authorization can include verbal authorization if the terms are clear and consistent with objectives and risk tolerance, however ATFA can ask for written confirmation if terms are unclear or if the client is overriding previously determined risk tolerance, objectives, or if terms are complex. Instructions must always be confirmed verbally, e-mailed instructions will not be acted upon without verbal confirmation. ATFA will manage and supervise these accounts on a continuous and ongoing basis, and alert clients when ATFA believes changes need to be made. ATFA will provide advice in good faith and in furtherance of clients' disclosed investment objectives, risk tolerance, investment horizon, age, wealth, income, and other factors relevant to suitability of investments. Additionally, ATFA will periodically offer to meet with clients to review allocations, goals, objectives, risk tolerance and the client's financial situation, and other items. ATFA will make recommendations and provide financial planning services to clients who pay a fee for Non-Discretionary Asset Management Services as needs arise. ATFA will make recommendations in accordance with one or more of the methods of analysis and investment strategies described in Item 8.

4. Under Item 4, “Investment Consultation Services (agreements entered on or after March 31, 2019)” the following paragraph was edited to provide clarity of the service:

ATFA will not provide ongoing supervision or management of accounts using this service. Clients using this service are responsible for monitoring their accounts on an ongoing basis, communicating areas where assistance is needed, and consulting ATFA when considering position changes or trades. Additionally, clients using this service are responsible for accepting or rejecting advisors’ recommendations and executing transactions clients deem advisable. Clients using this service will be expected to place their own trades, however ATFA can elect to place trades for the client upon client instruction as long as the trade instructions are explicit, orally confirmed by client, and ATFA expressly accepts the instructions. Trades placed by ATFA under this service will be non-discretionary unless otherwise agreed upon in writing prior to trade execution.

5. Under Item 4, “Financial Planning Services” the following sentence was added:

The precise level of service must be agreed upon between ATFA and the client on a case-by-case basis. Financial Planning Services will address specific issues during a specific timeframe and ATFA has no obligation to provide updates or ongoing recommendations.

6. Under Item 4, “Non-Managed Accounts” the following sentence was added:

ATFA will only execute trades in these accounts if explicit instructions are given by the client and client confirms the instructions in writing and the advisor expressly accepts the instructions.

7. Under Item 4, “General Information About Our Services” the following paragraph was added:

Clients are further advised that recommendations and account allocations are holistic in nature. This means that we will take all disclosed assets and allocations into consideration when giving advice or formulating allocations. Therefore, a single account could be allocated more aggressively or conservatively than the overall allocation of client assets. Clients should keep this in mind when providing risk and objective information to ATFA. We will base risk and objective factors on clients’ overall portfolio and not just the portion we manage or a single financial account. For this reason, clients should update ATFA if there are significant changes in assets that are not managed by ATFA. Additionally, some clients want us to perform a specific service or create a specific type of allocation for them. In these instances, the agreement between the client and ATFA will be narrow in scope.

8. Under Item 5, “General Fee Provisions” the following sentence was added:

ATFA will furnish fee-calculation details to clients upon clients’ reasonable written request.

9. Under Item 8, “Covered Calls and Cash Covered Puts” the types of positions were separated into two sections for clarity and read as follows:

**Covered Calls:** ATFA recommends covered call option strategies to clients in order to generate option premium from the client portfolio. A covered call is a strategy where a call option is sold against an underlying stock or ETF position for premium. If the stock or ETF loses value as of the expiration date, the client will lose principal invested in the stock or ETF at the same rate. The client will only be able to gain value up to the point of the strike price of the option contract, therefore the return is capped. In all cases, the client will

receive the premium collected from selling the option, in addition to experiencing any gains or losses in the underlying security. In addition to the risk of capped returns, there is also a risk of option assignment (selling underlying shares) associated with the covered call strategy, which could have tax implications for some clients.

#### Cash Covered Puts/ Margin Covered Puts

A cash covered put has a similar risk reward profile to a covered call, it is executed by selling a put option, and covering the strike price value of that option by setting aside cash, which can be used to purchase the stock at the strike price if the option is assigned. If the underlying security value is below the strike price of a cash covered put at expiration the client will be assigned shares of the underlying security and will need to use the set-aside cash for the purchase. If the stock or ETF loses value as of the expiration date, the client will experience losses at expiration on any amount below the strike price of the put contract. If the stock or ETF gains value, the client will only be able to gain value up to the point of the strike price of the option contract, therefore the return is capped. In all cases, the client will receive the premium collected from selling the option, in addition to experiencing any gains of the underlying security up to the strike price of the option at expiration or losses of the underlying security below the strike price of the option at expiration.

A margin covered put is similar to a cash covered put in the risk/reward profile, however instead of setting aside cash the client uses margin to cover the potential assignment of the option. Assignment of the option means you will have to purchase the underlying shares at the strike price of the option. Using margin to cover the potential assignment of the underlying positions means that you are taking on the leverage risk in the account (see margin loan section below).

10. Under Item 8 “Protective Option Spreads” the following sentences were added for clarity:

These can also be referred to as Defined Outcome Strategies because they define the risk of loss and/or benefit of gain to a particular range or outside of a particular range.

There is also potential to be assigned option contracts, which can cause clients to sell existing positions or buy new positions in their account.

11. Under Item 8 the following statement was added:

ATFA manages several long-term strategic allocations, a covered call allocation, and a discretionary protective option spread overlay strategy as grouped allocations where multiple clients and accounts are traded simultaneously in the same or similar allocations.

12. Under Item 12 a section titled “Partial Fills was separated out and clarified as follows:

#### **Partial Fills**

To the extent the aggregated order is not filled in its entirety, ATFA will follow procedures to allocate the partial fill to clients in a manner that is unbiased toward any client or group of clients and minimizes holding odd-lots or a small number of shares. Partial fills will be allocated per the pre-allocation on a pro-rata basis or on a random basis to as many accounts as possible until the partial fill is completely used. For clarity, on a pro-rata basis the number of shares obtained is divided by the number of shares intended, and that percentage is given to each account that was intended to receive the trade. On a random basis, we use a random letter generator to select an account whose primary owner or trustee has that letter as he first letter in their last name and we allocate to that account first and continue on an alphabetical basis filling out the full allocation to each subsequent

account that can receive the remaining amount until the allocation is fully used.

ATFA will determine which method is best on a case-by-case basis, however the primary means will be pro-rata unless the circumstances of the trade would harm clients. Some examples of reasons for using a random basis vs. pro-rata can be that round lots of shares are needed for a multi position strategy, pro-rata allocation would cause clients to pay more than one ticket charge if filling out the allocation is expected in the future, if smaller accounts would be harmed by a pro-rata allocation because they would effectively be excluded from the allocation by falling below the ratio threshold, or other circumstances as determined by All Terrain based on a fiduciary standard.

13. Under Item 12, a section titled "Trade Errors" was added as follows:

**Trade Errors**

ATFA considers a compensable trade error to be an error that results from ATFA's action or omission that does not meet the applicable standard of care and that results in a loss to the client. ATFA will follow the procedures below to correct trade errors:

1. If ATFA caused the error and the error resulted in a loss to the client's account, ATFA will correct the error to place the client in the same position as if the error had not occurred.
2. If ATFA caused the error and the error resulted in a profit to the client account, the client will be allowed to keep the profit as long as the error was not related to a misallocation of a security or quantity intended for another client account, or related to a trade for which the client account was not approved for the type of security or strategy related to the error.
3. If ATFA did not cause the error, the party that caused the error is responsible for the results of the error.

ATFA can net gains and losses related to trade errors within a single account when the gain or loss results from a single trading decision (for example, all parts of a spread trade or all trades made as part of an allocation change in the same day) or represents a single and consistent application of a guideline or restriction. ATFA will not net the gains and losses of separate clients and will not net the gains and losses of a single client that resulted from multiple errors (for example, trade errors resulting from more than one investment decision for the same client).

Net gains from trade errors are placed in ATFA's trade error account and are donated to charity per custodial guidelines.

ATFA can prevent certain client accounts from trading in a particular security while it obtains client consent, account approvals, or other necessary documentation. This delay could cause some client accounts to miss investment opportunities. Because any such delay or missed investment opportunity arises from the need to ensure compliance, ATFA does not regard these situations as errors.

14. Under Items 13 and 15 the following replaces previous language regarding reports and statements provided by ATFA:

ATFA can provide duplicate custodial statements upon request. During client reviews or other communications with clients ATFA can provide personalized summaries of accounts,

illustrations, written recommendations, meeting summaries, spreadsheets, third party investment disclosures, and/or other information pertaining to the clients account, investments, or ATFA's advice. ATFA does not prepare formalized or periodic performance or holdings reports for clients. Clients are advised to compare statements received from their qualified custodian to information provided by ATFA to verify the accuracy of information provided by ATFA, if discrepancies exist, the custodial statement will prevail.

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## Item 4: Advisory Business

All Terrain Financial Advisors, LLC (hereinafter referred to as "ATFA") is an investment advisory firm offering a variety of advisory and financial planning services to individuals, pension and profit-sharing plans, trusts, estates, foundations, endowments, and business entities. Services are customized to clients' individual needs. ATFA was established in January of 2017. Brian Skolte and Joseph VanDam are founding members and principals of ATFA. As of March 16, 2020, ATFA had \$273,572,291 discretionary and \$150,771,487 non-discretionary Regulatory Assets Under Management.

ATFA offers investment advisory services in the form of Discretionary Asset Management, Non-Discretionary Asset Management, Investment Consultation, and financial planning. Clients can also impose restrictions and/or limitations on investing in certain securities, types of securities, investment strategies or styles.

ATFA advisors will meet with clients to collect data about their situation as part of our due diligence process. ATFA will use this information to prepare an investment policy statement, advice, and/ or a summary of recommendations. These documents will identify client investment objectives and risk tolerance as well as act as a road map to the management of client accounts. The information gathered by ATFA will assist in providing clients with requested services and to customize services to their financial situation. Depending on the services utilized, ATFA will gather financial information and history from clients, which can include, but is not limited to:

- Retirement Goals
- Financial Goals
- Insurance Needs
- Investment Objectives
- Investment Horizon
- Financial Needs
- Cash Flow Analysis
- Cost of Living Needs
- Household Expenses
- Education Needs
- Savings Tendencies
- Net Worth Statement
- Asset List
- Investment Account Holdings
- Investment Experience
- Income Level
- Charitable Goals
- Estate Goals
- Risk Tolerance Factors
- Planned Expenses
- Debt Information

### **Investment Advisory Services**

ATFA engages in asset management services with clients on a discretionary and/or non-discretionary basis. For managed asset services, clients must choose discretionary or non-discretionary trading authorization, or a combination thereof, on an account by account basis. Additionally, clients can place restrictions on specific holdings. However, ATFA prefers to provide services on accounts with discretionary authorization, due to risks involved with non-discretionary management.

#### **1. Discretionary Asset Management Services:**

Clients typically engage with ATFA for Discretionary Asset Management Services. Discretion means ATFA will have authorization to place trades and make allocation changes to client accounts at-will and without prior consultation with, or approval from, the client. ATFA will manage and supervise these accounts on a continuous and ongoing basis and make changes to holdings as deemed necessary or prudent by ATFA. ATFA will manage assets in good faith and in furtherance of clients' disclosed investment objectives, risk tolerance, investment horizon, age, wealth, income, and other factors relevant to suitability of investments. ATFA will offer to meet with clients periodically to review objectives, goals, risk tolerances, and their financial situation, and other items. ATFA will make other financial related recommendations and provide financial planning services to clients who pay a fee for Discretionary Asset Management Services as needs arise. ATFA will make recommendations in accordance with one or more of the methods of analysis and investment strategies described in Item 8.



## **2. Non-Discretionary Asset Management Services:**

Clients can choose to engage with ATFA on a non-discretionary basis. Non-Discretionary means ATFA will not have authorization to place trades in the client's account without first consulting with the client and receiving explicit authorization for the purchase or sale of securities or other investments, with the exception of the management fee provision related to insufficient funds to collect fees (see Item 5). ATFA must receive a communication which we deem sufficient to constitute authorization to execute transactions. Sufficient authorization can include verbal authorization if the terms are clear and consistent with objectives and risk tolerance, however ATFA can ask for written confirmation if terms are unclear or if the client is overriding previously determined risk tolerance, objectives, or if terms are complex. Instructions must always be confirmed verbally, e-mailed instructions will not be acted upon without verbal confirmation. ATFA will manage and supervise these accounts on a continuous and ongoing basis, and alert clients when ATFA believes changes need to be made. ATFA will provide advice in good faith and in furtherance of clients' disclosed investment objectives, risk tolerance, investment horizon, age, wealth, income, and other factors relevant to suitability of investments. Additionally, ATFA will periodically offer to meet with clients to review allocations, goals, objectives, risk tolerance and the client's financial situation, and other items. ATFA will make recommendations and provide financial planning services to clients who pay a fee for Non-Discretionary Asset Management Services as needs arise. ATFA will make recommendations in accordance with one or more of the methods of analysis and investment strategies described in Item 8.

Clients who choose to have accounts managed on a non-discretionary basis are advised that such accounts are subject to risks. Risks can include, but are not limited to, the risk of missed market opportunities. In these non-discretionary accounts, the client bears risk associated with ATFA not being able to contact them. Because of the non-discretionary nature of these accounts, performance will likely deviate from those accounts managed on a discretionary basis with similar holdings or objectives. Additionally, ATFA may not be able to obtain execution similar to discretionary clients and will not be able to include non-discretionary clients in bunched transactions or allocations if the timing or purpose of instructions does not coincide with discretionary transactions.

## **3. Investment Consultation Services (agreements entered on or after March 31, 2019)**

Consultation Services are more suitable for investors who do not want active asset management but find value in educational and professional advice offered through this service. ATFA offers Consultation Services to clients who actively manage their own account, or who identify potential holdings on their own, but want to partner with a professional financial advisor to help them analyze positions, allocations, and/or strategies for their portfolio.

ATFA will not provide ongoing supervision or management of accounts using this service. Clients using this service are responsible for monitoring their accounts on an ongoing basis, communicating areas where assistance is needed, and consulting ATFA when considering position changes or trades. Additionally, clients using this service are responsible for accepting or rejecting advisors' recommendations and executing transactions clients deem advisable. Clients using this service will be expected to place their own trades, however ATFA can elect to place trades for the client upon client instruction as long as the trade instructions are explicit, orally confirmed by client, and ATFA expressly accepts the instructions. Trades placed by ATFA under this service will be non-discretionary unless otherwise agreed upon in writing prior to trade execution.

Consultative services provide for the analysis of positions, allocations, and/or strategies, or education on the same, for use in the client's portfolio. Analysis can include, but is not limited to, hedging techniques, use of leverage, position entry/exit, dollar cost averaging, tax lot harvesting, or other strategic trading issues. In addition to analyzing positions and allocations, this service can help clients who are using option strategies, or who are learning to use option strategies, by working with an ATFA advisor to learn the potential benefits and drawbacks of those strategies and trades.

Clients are contacted by ATFA on a predetermined schedule, or clients can contact ATFA at-will to consult about changes to their portfolio. Clients using this service must monitor their own account and holdings. These Consultation Services are offered only at the availability of a qualified financial advisor who has scheduling availability to take on a new client. ATFA, in its sole discretion, can accept or reject these relationships.

Consultation Services are typically best suited for several types of clients:

- A. Clients who want to take a hands-on approach to managing their own investments but wish to have a professional offer advice on asset allocation, hedging strategies, market timing, portfolio holdings, or other aspects of their investments.
- B. Clients who have a concentrated position in one or more stocks and want advice on how to hedge or exit positions.
- C. Clients who do not want to give ATFA discretionary authority, but who wish to speak with an adviser about changes to allocations or to create an allocation for a financial account.

#### **4. Legacy Investment Consultation Services (agreements prior to March 31, 2019):**

Consultation Services are more suitable for investors who do not want active asset management but find value in the educational and professional advice offered through this service. ATFA offers Consultation Services to clients who actively manage their own account, or who identify potential holdings on their own, but want to partner with a professional financial advisor to help them analyze positions, allocations, and/or strategies for their portfolio. This service will typically be provided with discretionary trading authorization; however, clients can restrict discretionary authorization in writing. Clients using this service will typically be expected to place their own trades, however ATFA can place trades for the client once a plan has been determined for a specific strategy or holding.

Consultative services provide for the analysis of positions, allocations, and/or strategies, or education on the same, for use in the client's portfolio. Analysis can include, but is not limited to, hedging techniques, use of leverage, position entry/exit, dollar cost averaging, tax lot harvesting, or other strategic trading issues. In addition to analyzing positions and allocations, this service can help clients who are using option strategies, or who are learning to use option strategies, by working with an ATFA advisor to learn the potential benefits and drawbacks of those strategies and trades.

Clients are contacted by ATFA on a predetermined schedule, or clients can contact ATFA at-will to consult about changes to their portfolio. Clients using this service must monitor their account and holdings on an ongoing basis. In most cases, ATFA will provide ongoing supervision of accounts using this service, but not ongoing management. These Consultation Services are offered only at the availability of a qualified financial advisor who has scheduling availability to take on a new client. ATFA, in its sole discretion, can accept or reject these relationships.

Consultation Services are typically best suited for several types of clients:

- A. Clients who want to take a hands-on approach to managing their own investments but wish to have a professional offer advice on asset allocation, hedging strategies, market timing, portfolio holdings, or other aspects of their investments.
- B. Clients who have a concentrated position in one or more stocks, who want advice on how to hedge positions.
- C. Clients who do not want to give ATFA discretionary oversight, but who wish to speak with an adviser about changes to allocations or to create an allocation for a financial account.

## **5. Financial Planning Services**

ATFA can provide its clients with a broad range of comprehensive financial planning services. These services are typically included when a client uses other services on an ongoing fee basis. However, Financial Planning can also be obtained a la carte, or when one-time complex situations need to be analyzed. The precise level of service must be agreed upon between ATFA and the client on a case-by-case basis. Financial Planning Services will address specific issues during a specific timeframe and ATFA has no obligation to provide updates or ongoing recommendations. These services can include:

- Income/ Distribution Planning
- Retirement Planning
- Allocation Analysis
- Risk Management
- Estate Planning
- Insurance Planning
- Education Planning
- Business Planning
- Investment Consultation
- Tax Planning
- Budgeting
- Debt Analysis
- Charitable Planning

## **6. Non-Managed Accounts**

Some clients want to allow ATFA to view accounts or hold accounts with the same custodian for convenience purposes, but do not want ATFA to provide management or advisory services for those accounts. These accounts will be designated as Non-Managed accounts. ATFA will not provide any services for Non-Managed accounts. These accounts will not be billed a fee or monitored. ATFA will not regularly trade these accounts, however, clients occasionally request that ATFA place a non-discretionary trade for convenience purposes. ATFA will only execute trades in these accounts if explicit instructions are given by the client and client confirms the instructions in writing and the advisor expressly accepts the instructions.

## **General Information About Our Services**

Services and recommendations are based on financial information disclosed by clients to ATFA. In performing these services ATFA is not required to verify any information received from clients or from client's other professionals and is expressly authorized to rely on such information. Clients are advised that certain assumptions will be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. ATFA cannot offer any guarantees or promises that their financial goals and objectives will be met. Further, clients must continue to review plans and recommendations, as updates will likely be necessary based upon changes in their financial situation, goals, objectives, or the economy. Should client financial situation or investment goals or objectives change, clients must notify ATFA promptly of the changes.

Clients are advised that the advice offered by ATFA is limited and is not meant to be comprehensive. Therefore, clients should seek the services of other professionals such as an insurance adviser, attorney and/or accountant. ATFA will, when prudent, recommend clients engage the firm for additional related services, its Supervised Persons in their individual capacities as insurance agents, and/ or other professionals to implement its recommendations. Clients are advised that that a conflict of interest exists if clients engage ATFA or its affiliates to provide additional services for compensation. Clients retain absolute discretion over implementation decisions and are under no obligation to act upon any recommendations.

Clients are further advised that recommendations and account allocations are holistic in nature. This means that we will take all disclosed assets and allocations into consideration when giving advice or formulating allocations. Therefore, a single account could be allocated more aggressively or conservatively than the overall allocation of client assets. Clients should keep this in mind when providing risk and objective information to ATFA. We will base risk and objective factors on clients'

overall portfolio and not just the portion we manage or a single financial account. For this reason, clients should update ATFA if there are significant changes in assets that are not managed by ATFA. Additionally, some clients want us to perform a specific service or create a specific type of allocation for them. In these instances, the agreement between the client and ATFA will be narrow in scope.

In limited circumstances ATFA offers services on an a la carte basis to clients who do not meet the minimum portfolio size described in Item 7.

Clients are advised the investment recommendations and advice offered by ATFA are not legal advice or accounting advice. Clients should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Clients are further advised that it is necessary to inform ATFA promptly with respect to any changes in their financial situation and/ or investment goals and objectives. Failure to notify ATFA of any such changes could result in investment recommendations not meeting client needs.

### **IRA Rollover Considerations**

As part of our consulting and advisory services, we provide you recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations can include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). Further, we offer our management services to those funds and securities rolled into an IRA or other account for which we will receive compensation. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as described above under Item 5. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by us.

It is important for you to understand many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Move the funds to a new employer's retirement plan.
3. Cash out and taking a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage it is important you understand the following:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans can have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan could have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.

- b. You should understand the various products and services you might take advantage of at an IRA provider and the costs of those products and services.
  - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. In the event your plan offers asset management or model management, there could be a fee associated with the services that is more or less than our asset management fee.
- 3. Our strategy may have higher risk than option(s) provided to you in your plan.
- 4. Your current plan may offer financial advice, guidance, and/or model management or portfolio options at no additional cost.
- 5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5 (70 ½).
- 6. Your 401k may offer more liability protection than a rollover IRA; each state can vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
- 7. You may be able to take out a loan on your 401k, but not from an IRA.
- 8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and are also subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
- 9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
- 10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

## **Item 5: Fees and Compensation**

ATFA offers services on a fee basis, which includes percentage fees based on assets under management (percentage), ongoing fixed fees, or fixed planning fees (each occurrence), depending on the type and complexity of engagement. Fees are negotiable and are not based on a share of capital gains or capital appreciation of assets. The fees listed below are maximum annual fees, actual fees are based on several factors including complexity of investment management strategy, type of services, number of services, sophistication of the client, and amount of assets being managed by ATFA.

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### **Assets Under Management Fee (“Percentage Fee”)**

Typically, clients will pay ATFA a Percentage Fee based on assets under management. Fees are negotiable. The maximum fee is based on an aggregate of assets in client's accounts, which generally includes all accounts belonging to individuals in the same household. Clients can request the fee for all accounts to be aggregated to one or more accounts upon request, in which case the fee will be calculated on the asset value of each account and then deducted from the specified account(s). Clients' entire value of all accounts under ATFA's advisement will be billed at the negotiated rate under this arrangement, including cash, cash equivalent balances, and/or legacy positions, unless the client specifically requests billing restrictions in writing. However, ATFA can, in its sole discretion, determine if it wants to enter into an advisory relationship with client-imposed billing restrictions.

Fee Type	Maximum Fee	Payable
Percentage	1.50% Annual	Fees are due and payable on a calendar quarter basis calculated as (fee% * account value / 4=quarterly fee). Fees are generally deducted directly from client accounts. Partial periods are pro-rated.

### **Ongoing Fixed Fee**

For clients who wish to participate in multiple services, who have complex advisory needs, or who wish to engage with ATFA for asset monitoring and/ or ongoing consultation services, clients can be charged an Ongoing Fixed Fee. The typical client fee for this service is between \$5,000.00 and \$10,000.00 annually, however there is no maximum fee, except that clients will not be charged more than the equivalent of 1.50% of aggregate household assets held with ATFA on an annual basis. The fee is determined for each client based on the following factors: value of assets being monitored, complexity of the client's situation, frequency of interaction, services to be rendered (e.g. strictly consultative, consultation and implementation, research, etc.), and complexity of the assets in the account (e.g. option holdings versus individual equity and bond holdings). Clients will be provided a quote prior to execution of the advisory agreement. Fees are negotiable.

Fee Type	Maximum Fee	Payable
Ongoing Fixed Fee (annual)	No Maximum- will not exceed 1.50% of assets annually. (see above)	Fees are due and payable in four equal calendar quarterly installments. Fees are generally deducted directly from client accounts. Partial periods are pro-rated.

### **Financial Planning and Investment Evaluation/ Set-Up Fees**

ATFA offers financial planning services as part of its ongoing relationship with clients who are being charged Percentage Fees or Ongoing Fixed Fees. However, occasionally, we enter into a la carte agreements to provide financial planning for clients who do not engage in other services, or who have a one-time complex situation or case to analyze. Clients are advised that fees for financial planning services are strictly for these services. Financial planning services are defined in scope and time. Therefore, clients will typically pay additional fees for additional services such as asset management, ongoing advisory services, or products purchased, such as securities or insurance. Clients will also pay additional fees if subsequent a la carte financial planning services are needed that are outside of the scope of the ongoing relationship covered by Percentage Fees or Ongoing Fixed Fees.

Additionally, clients who meet the definition of an accredited investor and desire additional diversification and investment opportunities can engage ATFA to find and evaluate limited partnership investment opportunities in the form of real estate investment trusts, private placements, and others. ATFA generally recommends a minimum investment consideration of \$250,000 for any opportunity we are engaged to evaluate. ATFA charges a one-time fee for evaluation and set-up services of

\$4,000 per investment opportunity evaluated. The fee is not negotiable. Such investments are highly risky, generally illiquid, and often have no secondary market in which to liquidate the investment. Investors must be sophisticated and understand the risk of investing including the complete loss of principal. Fees are due to ATFA at the time of engagement.

Fees are negotiable. Fees for this service will be dependent on several factors including time involved, research services, number of meetings, staff resources, number of parties and professionals involved, complexity of the situation, number of areas of the financial situation requiring review and evaluation, and expenses incurred by ATFA.

Fee Type	Maximum Fee	Payable
One-time Fixed Flat Fee	\$20,000	Fees are generally due and payable upon execution of the advisory agreement with ATFA, unless otherwise negotiated. Fees are generally paid by check.

### **Fees Charged by Financial Institutions**

In addition to the advisory fees charged by ATFA, clients will pay transaction fees for securities transactions in accordance with the broker's transaction fee schedule. Additionally, clients will pay fees for other brokerage services, account maintenance fees, internal product fees and expenses, and fees associated with maintaining the account. Such fees are not charged by ATFA and ATFA does not receive a portion of these fees. Additionally, clients will pay their proportionate share of fund management and administrative fees, sales charges, and/or internal fund adviser fees for any fund held in client accounts. Such fees are not shared with ATFA and are compensation to the fund manager.

### **Additions and Withdrawals**

Clients can make additions to an account or withdrawals from an account, provided the account continues to meet minimum account size requirements. For clients who are charged a Percentage Fee, fee adjustments will not be made for partial withdrawals or for additional deposits to a financial account during a calendar quarter, unless the sum of all deposits and withdrawals in a single financial account are at least \$50,000 or more during a calendar quarter. Fee Adjustments for deposits or withdrawals over the \$50,000 threshold will be made during the immediately following quarterly billing cycle and will either be processed as an offset to the normal quarterly fee or as a separate transaction at the discretion of ATFA.

### **General Fee Provisions**

Advisory fees will generally be collected (debited) directly from client brokerage accounts, provided clients have given ATFA written authorization. Clients will be provided with an account statement directly from their custodian reflecting the deduction of the advisory fee, or an invoice directly from ATFA if the fee is not billed directly to an account. If a client account does not contain sufficient funds to pay advisory fees, ATFA will have limited authority to sell or redeem securities in sufficient amounts to pay advisory fees, provided clients have given written authorization in their advisory agreement. Clients can reimburse accounts for advisory fees paid to ATFA, except for ERISA and IRA accounts, which have contribution limits.

All ongoing ATFA advisory fees will be charged in advance. Percentage Fees and Ongoing Fixed Fees will be charged on a calendar quarter basis in January, April, July, and October. Planning and Evaluation fees will be charged upon inception of the work. The initial fee for Percentage Fees and Ongoing Fixed Fees will be determined upon establishment of the value of the portfolio and will be pro-rated for the number of days remaining in the initial calendar quarter and are generally debited in arrears of the initial quarter. For instance, if a \$100,000 account is established on March 1<sup>st</sup> and the client fee is a 1% Percentage Fee or a \$1,000 Ongoing Fixed Fee, the account will be charged for 31

days of the partial quarter that began on January 1<sup>st</sup>, or approximately \$86.11 (assuming a 90-day quarter). Thereafter, advisory fees will be calculated each calendar quarter based on the value of the account on the last business day of the just completed calendar quarter. Ongoing Fixed Fees will be based on annual amount and charged in four equal quarterly installments.

There will be no fee adjustments for account depreciation or appreciation.

ATFA can change the above fee schedules upon 30-days prior written notice.

ATFA will furnish fee-calculation details to clients upon clients' reasonable written request.

### **Termination Provisions**

Clients can terminate advisory services within five (5) business days after entering into an advisory agreement without penalty. Thereafter, clients can terminate services upon ATFA's receipt of written notice to terminate.

For Ongoing Fixed Fee and Assets Under Management Fee (Percentage Fee) services, should clients terminate services for a billed account during a quarter, fees will be pro-rated for the number of days in the quarter the client account was under advisement, the remainder of the advance billing amount will be reversed within 30 days of receipt of written notice of termination or, if ATFA recommended and processed the closure, pro-rata fees will be reversed prior to closing the account.

For Planning Fee services, any refund of pre-paid fees will be calculated based on the amount of time spent by ATFA and multiplied by the hourly rate of \$250 per hour. For instance, if \$5,000 was paid in advance and ATFA spent 10 hours on the project prior to termination, then 2,500 ( $\$250 \times 10$  hours) would be retained by ATFA and \$2,500 would be refunded.

Clients who terminate their agreement will retain responsibility for any fees and charges incurred from third parties as a result of maintaining the account, such as transaction fees for any securities transactions executed, and account maintenance or custodial fees.

## **Item 6: Performance-Based Fees and Side by Side Management**

ATFA does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

ATFA provides investment advisory, planning, asset management, and consulting services to individuals, pension and profit-sharing plans (excluding plan participants), trusts, estates, foundations, endowments, retirement plans and business entities. Generally, ATFA imposes a minimum portfolio size of \$100,000 to establish an investment management relationship. ATFA typically combines family household accounts to calculate the portfolio size. Additionally, ATFA, in its sole discretion, accepts clients with smaller portfolios based on certain criteria, including, among other things, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, account retention, net worth, and pro bono activities.

Some of ATFA's strategies or services are unavailable to clients with less than \$250,000 in aggregate assets or to clients with single financial accounts less than \$100,000, due to position sizing, expense, and risk factors. Additionally, smaller accounts will likely experience a higher degree of risk in some strategies. Clients are advised performance will likely suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts will vary from the performance of accounts with more dollars invested due to ticket charges, position sizing, uncovered positions in option strategies, market volatility, and the effects of compounding. Additionally, financial accounts under \$50,000 will likely find most management services to be costly.



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

### Methods of Analysis

ATFA will use one or more of the following methods of analysis when formulating investment advice or managing client assets. ATFA regularly uses third party research and information based on the following methods of analysis as well.

1. **Fundamental Analysis:** A method of evaluating a security in an attempt to measure its intrinsic (actual) value based on all aspects of the business (tangible and intangible). Factors that can be considered, but are not limited to, economic conditions, company management, company financials, competitors, earnings, and products or services. Fundamental analysis may not result in the security realizing the determined intrinsic value, this is due to overall market factors that can affect an individual security, factors that were not considered in the analysis, complexity of information, unknown information, and other factors.
2. **Technical Analysis:** A method of analysis that uses past data, such as price movement, volume, velocity, etc., in an attempt to forecast future price movement in a security. Technical analysis can involve the use of charts, formulas, and other analytical tools to identify trends which can be based on investor sentiment or micro/ macro cycles or trends, rather than intrinsic value. Technical analysis, by itself, does not consider the underlying financial condition of a company or industry, is based on past data and theories related to future trends, for these reasons the actual price movement of a security can prove to be incorrect.
3. **Quantitative Analysis:** A method of analysis that uses mathematical measurements, calculations, statistical modeling, and research to represent a given reality in terms of a numerical value. An attempt is made to determine more accurate measurements of quantifiable data, such as the value of a share, earnings per share, return on equity, current ratio, debt levels, etc., and predict future changes to these items. Assumptions made when using this type of analysis can prove to be incorrect.

### Investment Strategies

ATFA provides customized advice to clients based on several factors, including goals and objectives, risk tolerance, financial situation, investment life cycle, investment experience, economic factors, client restrictions, and other factors. Clients may have similar or different portfolio holdings when compared to other clients. ATFA often uses one or more of the following core strategies when advising clients and recommends and/ or uses a variety of investment vehicles and account types to fulfill these strategies. Additionally, we recommend long-term purchases or short-term purchases, or a combination thereof to clients, depending upon their unique situation.

1. **Diversification:** ATFA uses or recommends one or more diversification techniques to clients. These can include the following types of diversification:

**Sector and Asset Class Diversification:** ATFA can evaluate and attempt to identify an appropriate ratio of securities based on Market Sectors (industry groups) and Asset Classes (stock, fixed income, cash, money market, commodities, etc.), and subsequent sub divisions of those groups, such as growth vs. value, international, emerging markets, alternatives, etc. This type of evaluation can help identify any areas of concentration or diversification that exist in a client's portfolio, or that is desired in a client's portfolio. While diversification can help spread out risk over several areas, it can also cause diminished performance over a concentrated exposure, if portions of the diversified portfolio underperform. Alternatively, concentrated positions can provide an over weighted exposure to a single security or area and can cause diminished or exemplary

performance if that security or area experiences sharp declines or increases.

**Investment Manager/Style Diversification:** ATFA recommends one or more styles of asset management. These can include active management, passive management, tactical management, strategic management, among others. Style diversification can spread out risk that any specific style underperforms. However, style diversification can also diminish performance over a single style if one or more of the styles underperforms a single style.

**Investment Vehicle Diversification:** ATFA recommends investment vehicle diversification. Investment vehicles such as stocks, bonds, ETFs, mutual funds, insurance products, private placements, limited partnerships, etc., can have different types of exposure to the market, taxation benefits and/or drawbacks, pricing issues, liquidity considerations, protections, and risks. There are risks and benefits to each investment vehicle described in more detail below.

**Account Type Diversification:** ATFA recommends one or more different account types to achieve client goals and objectives. Accounts such as IRA, Roth IRA, Joint, Individual, Trust, 401k, and other account types can be recommended. Different account types have different treatment of taxes, such as tax deferred, or tax-exempt growth, contributions, and/or distributions. Different types of investments are more suitable for different account types, depending on a client's situation. Clients have no obligation to open or fund any specific account type, establishing an account is solely up to the discretion of the client. Clients should always consult with tax and legal advisors prior to proceeding with any strategy.

2. **Income or Yield Generation:** ATFA recommends clients use an income or yield generation strategy that incorporates one or more of the following types of yield generation strategies:

**Dividend Yielding Equity Investments:** ATFA recommends stocks, ETFs, Limited Partnerships and other equity type investments that exhibit the potential for average or above average dividend yields. Clients are advised that equity investments are subject to market fluctuations, management risks, economic factors, and other relevant risk factors.

**Bonds & Debt Instruments:** Issuers of bonds and other debt instruments will generally pay a specified interest rate to investors who are willing to provide capital. ATFA identifies and recommends a variety of these investments to clients, depending upon client risk tolerance and objectives. Debt instruments are generally assigned a rating based on their stability. However, clients are advised that debt related investments are subject to interest rate risks, risks associated with the financial stability of the issuer, liquidity risks, and other relevant risk factors.

**Credit Spread Option Strategies:** ATFA recommends credit spread option strategies to clients to generate premium from the client's portfolio. Typically, these spreads will consist of credit call spreads whereby a call is sold at a strike price at or above the current trading price of an underlying security and a higher strike price call is purchased. The result is a net premium credit to the account. If the underlying price moves far enough upward, beyond the call that was sold, the return will be capped on that investment, unless the price surpasses the call that was purchased, in which case the purchased call would begin gaining value. There are many factors that determine whether these strategies should be used, including amount of premium available, liquidity of options, and expectations of underlying price movement. This strategy is typically used when a client wants to generate premium but has concerns about significant upward price movement in the underlying security. Risks associated with this strategy are primarily the risk of not participating in upside market movement between specific price levels and dates. There is also risk that the underlying security will be assigned (sold), which may have tax implications for some clients.

**Covered Calls:** ATFA recommends covered call option strategies to clients in order to generate option premium from the client portfolio. A covered call is a strategy where a call option is sold against an underlying stock or ETF position for premium. If the stock or ETF loses value as of the expiration date, the client will lose principal invested in the stock or ETF at the same rate. The client will only be able to gain value up to the point of the strike price of the option contract, therefore the return is capped. In all cases, the client will receive the premium collected from selling the option, in addition to experiencing any gains or losses in the underlying security. In addition to the risk of capped returns, there is also a risk of option assignment (selling underlying shares) associated with the covered call strategy, which may have tax implications for some clients.

#### Cash Covered Puts/ Margin Covered Puts

A cash covered put has a similar risk reward profile to a covered call, it is executed by selling a put option, and covering the strike price value of that option by setting aside cash, which can be used to purchase the stock at the strike price if the option is assigned. If the underlying security value is below the strike price of a cash covered put at expiration the client will be assigned shares of the underlying security and will need to use the set-aside cash for the purchase. If the stock or ETF loses value as of the expiration date, the client will experience losses at expiration on any amount below the strike price of the put contract. If the stock or ETF gains value, the client will only be able to gain value up to the point of the strike price of the option contract, therefore the return is capped. In all cases, the client will receive the premium collected from selling the option, in addition to experiencing any gains of the underlying security up to the strike price of the option at expiration or losses of the underlying security below the strike price of the option at expiration.

A margin covered put is similar to a cash covered put in the risk/reward profile, however instead of setting aside cash the client uses margin to cover the potential assignment of the option. Assignment of the option means you will have to purchase the underlying shares at the strike price of the option. Using margin to cover the potential assignment of the underlying positions means that you are taking on the leverage risk in the account (see margin loan section below).

**Insurance Products:** ATFA recommends that clients purchase insurance products to fulfill long-term income goals. Some insurance products can provide a guaranteed income benefit or other income benefits that can be suitable for client needs. ATFA does not sell insurance products directly and clients are under no obligation to purchase products recommended by ATFA. See Item 10 for more information on insurance recommendations.

3. **Hedging:** ATFA recommends clients use active or passive hedging techniques, such as the following:

**Put Option Purchases:** When combined with underlying securities, put option purchases can add a level of asset protection to a client portfolio. ATFA recommends put purchases as part of a hedging strategy, whereby puts are purchased to protect against losses beyond a specific level within a specific time period. Clients can experience losses associated with this strategy to the extent of the cost of purchasing put option contracts, if the security underlying the put option does not move below the strike price of the contract before expiration.

**Protective Option Spreads (Defined Outcome Strategy):** ATFA recommends option spreads as a form of portfolio hedge to clients. These can also be referred to as Defined Outcome Strategies because they define the risk of loss and/or benefit of gain to a particular range or outside of a particular range. These spreads are typically customized to client portfolio holdings and are structured to protect against loss beyond a certain price level, or within a certain range of price levels or dollar amount. Spreads use option contracts, which have specific strike prices and

expiration dates. There is no guarantee that the underlying security will fall within the range(s) required for the spread to be beneficial. ATFA structures option spreads used for hedging purposes so the client has a defined loss profile or cost to placing the hedge. Clients are advised that capital invested in these spreads, and any corresponding maximum loss potential on these spreads are at risk of loss. There is also potential to be assigned option contracts, which can cause clients to sell existing positions or buy new positions in their account.

**SPX Spreads:** ATFA recommends SPX option spreads to create a portfolio hedge for some clients. Clients using this strategy must meet the regulatory definition of an Accredited Investor found in rule 501 of Regulation D and can only be used in non-qualified accounts due to margin requirements. Due to the dollar value of the underlying index value represented by the option contracts, there is a minimum account size associated with this strategy, which fluctuates based on the current value of the S&P 500 index. These spreads differ from other option spread hedging strategies, because SPX options will not be associated with a specific underlying holding in the client account. Instead, ATFA will evaluate the characteristics of a client portfolio, such as the portfolio value and overall historical beta of one or more positions, to determine whether SPX spreads should be used, and the position sizing (asset weighting) of such spreads. SPX options are European style (cash settled with no underlying position delivery) and are a derivative of the S&P 500 index. There is no risk of early assignment due to market events or dividend payments. Additionally, there are tax considerations unique to index options, such as SPX, whereby gains and losses are entitled to be treated as 60% long-term and 40% short-term, provided other provisions of the tax code are satisfied. Clients are advised that in addition to risks associated with the overall market and aforementioned Protective Option Spreads, there is also an additional risk of loss if the underlying holdings are not correlated to the movement of the S&P 500. If the price of client holdings and the S&P 500 move in opposite directions, this strategy can cause the client to lose additional principal.

**Cash or Cash Equivalent Positioning:** ATFA recommends that clients periodically invest all or a portion of their assets in cash or cash equivalents when less market exposure is desired, or when a client has a low risk tolerance. While cash and cash equivalents are not risk free, they are the most liquid type of investment and are considered low risk when compared to other investments.

**Insurance Products:** ATFA recommends that clients purchase insurance products to fulfill asset protection goals. Some insurance products provide payouts in the event of loss or protect against loss beyond a certain level (floor). ATFA does not sell insurance products directly and clients are under no obligation to purchase products recommended by ATFA. See Item 10 for more information on insurance recommendations.

4. **Speculation:** While ATFA does not typically recommend leveraged or speculative investments, for clients with sufficient risk tolerance and/or net worth some speculation is suitable. ATFA can recommend or evaluate one or more of the following types of speculative positions for clients:

**Call and Put Option Purchases and LEAPs:** ATFA recommends call and/or put option purchases, including LEAPs. LEAPs are option contracts with an expiration date more than one year in the future. These holdings are recommended as a way to leverage the performance of an underlying security when upward (calls) or downward (puts) movement is anticipated in a specific timeframe. Clients are advised that options have expiration dates and strike prices. For call options, if the underlying security is priced at or below the strike price at expiration, the investment will expire worthless. For Put options, if the underlying security is priced at or above the strike price at expiration, the investment will expire worthless.

**Concentrated Security Purchases:** ATFA recommends or analyzes concentrated positions in a security for one of two reasons: 1. to take a position in a security that is expected to outperform

another security or securities, or 2. to maintain an existing position due to tax issues associated with a low-cost basis, or an emotional attachment. Concentrated positions can provide an over-weighted exposure to a single security which can result in diminished or exemplary performance when compared to another security or group of securities. Concentrated positions amplify management risks, industry risks, and other risks unique to a single security. Typically, a more diversified portfolio is recommended in order to diversify risk.

**Short Sales:** ATFA recommends or assists in evaluating short sales of stocks for clients. A short sale is executed when a client sells shares of a stock that they do not own. Short sales are used when the security is expected to decrease in price. Clients are advised that short sales can pose significant risk to capital. There is no limit to the loss that can be experienced from a short sale. Additionally, short sales will need to be covered by purchasing shares in order to exit the position. Some securities can be illiquid, and shares may not be available to cover the short position, and/or purchasing shares can cause the price of the security to increase. Short sales are subject to market fluctuation risk as well as individual security performance risk. Clients can receive a margin call and be required to contribute more capital if the stock associated with the short sale moves upward in price.

**Speculative Option Spreads:** At times ATFA recommends, or helps a client evaluate, option spreads that are speculative in nature. These spreads generally rely on the price of the underlying security to move past a specific point or within a specific range by a specific date. These types of strategies can be used when event announcements are expected, or when a security is anticipated to move up or down in price over a specific period of time. Clients who use these types of strategies can expect to lose a significant portion of their investment capital if the underlying security does not perform as anticipated.

**Margin Loans:** ATFA recommends or evaluates margin loan usage for clients. While we typically do not recommend clients use margin loans as part of their investment strategy, some clients have sufficient net worth or assets in other accounts to warrant some margin usage in one or more accounts. Typical situations where ATFA recommends margin loans are when a client needs to borrow short-term funds for a purchase and desire a low interest rate and/ or quick access to funds, or when a client trades securities or derivatives on margin as part of an overall investment strategy, such as hedging a concentrated position or simply leveraging holdings. Clients who use margin loans are subject to interest rate fluctuation risk, risks associated with marginable security values, and the price movement of associated securities which provide collateral for the loan. Clients are advised that use of margin can cause losses to exceed the principal value of the account and can require the liquidation of some or all securities in the account and/or capital contributions if a margin call is initiated by the broker.

**High Beta Securities:** ATFA recommends or evaluates securities with betas that are above average to significantly above average. Beta is a measurement of a securities price movement relative to the price movement of another index or security. When analyzing beta, ATFA uses the S&P 500 index as the baseline, a security with a beta of "1" moves exactly like the S&P 500. Some clients are interested in having higher beta securities due to the potential for higher returns. However, clients are advised that higher beta securities also come with higher risk of loss and fluctuation risk.

**Leveraged Investment Vehicles:** ATFA recommends or evaluates leveraged investment vehicles, such as leveraged ETFs or Mutual Funds for clients. While ATFA does not generally recommend these types of investments, some clients are interested in using them as part of their portfolio to leverage performance of specific indices, industries, or other areas of interest. Leveraged investment vehicles typically use swaps and derivatives to provide leveraged exposure. Many times, these can be considered wasting assets, meaning they will lose value due to the

passing of time, if the underlying item does not move far enough or fast enough. Clients are advised these investments pose unique risks, in addition to the economic, industry, and general market risks associated with all securities investments.

In relation to the above general strategies, ATFA typically formulates and manages in-house or identifies third party funds or managers to manage pre-defined and/or group traded allocations that accomplish these strategies in a consistent or formalized manner. These management techniques or providers are utilized to provide clients who use similar strategies a consistent experience, and to assist with the mechanics and operational burdens of managing a large number of client accounts discretionarily, consistently, and without bias for any particular client or group of clients. ATFA manages several long-term strategic allocations, a covered call allocation, and a discretionary protective option spread overlay strategy as grouped allocations where multiple clients and accounts are traded simultaneously in the same or similar allocations.

ATFA primarily uses and recommends stocks, ETFs, cash, options, and bonds to clients. However, in fulfilling the above strategies, ATFA can recommend or evaluate one or more of the following types of investments:

- Stocks (Domestic and International)
- Exchange Traded Funds (ETFs)
- Option Contracts
- Mutual Funds
- Warrants
- Certificates of Deposit
- Real Estate Investment Trusts (REITs)
- Cash or Cash Equivalents
- Money Market Funds
- Bonds/ Fixed Income/ Debt Instruments
- Insurance Products
- Structured Products/ Structured Notes
- Limited Partnerships
- Private Placements

### **Risk of Loss**

The following risks are associated with some of the most common investment vehicles recommended or evaluated by ATFA,

1. **General Risk:** Investing in securities involves the risk of loss. Clients should be prepared to bear that risk. Client account values will fluctuate over time.
2. **Stocks:** Stocks represent ownership in a company. The value of a stock can fluctuate based on overall economic factors, political factors, industry specific factors, and company specific factors, such as financial health, management decisions, product issues, supply chain factors, investor sentiment, and many other issues. In addition, companies who transact business internationally and/or international issues can have exposure to currency exchange rates, which can impact security values when priced in U.S. dollars.
3. **ETFs and Mutual Funds:** ETFs and Mutual funds consist of a grouping of underlying securities meant to mimic an index or to accomplish a specific objective. These funds are subject to the risks associated with their underlying holdings, such as stocks and bonds. In addition, funds have specific risks associated with them. Mutual funds are not traded throughout the day, they are priced at NAV at the end of each day, and therefore a liquidity risk exists. ETF's are constantly priced throughout the day at negotiated prices, however these prices will deviate from the NAV of the underlying securities. ETF's also have liquidity risk if the secondary market ceases to exist to redeem a full creation unit (generally 50,000 shares), therefore a shareholder will have no way to dispose of shares if the secondary market ceases to exist. Actively managed mutual funds and ETFs are also subject to the manager's ability to execute beneficial trades within the fund. ETFs and Mutual funds have tax implications when securities and commodities are bought and sold within the fund, for which the investor may not receive a distribution to pay such tax obligations.

4. **Option Contracts:** Option contracts consist of call options (the right to buy a security at a specific price before a specific date) and put options (the right to sell a security at a specific price before a specific date). Each of these types of options can either be bought or sold, allowing for numerous strategies using spreads, each with its own risk/reward profile. Options are associated with the same risks as the underlying security, and general market risks, but also have unique risks, such as assignment risk, delivery risk, contract risk, liquidity risk, and other risks depending on the specific strategy (more fully described above).
5. **Bonds and Debt Instruments: Issuers** of debt use proceeds obtained from investors to fund projects, operations, expansions, or any other activity requiring capital. In exchange for borrowing funds from investors, issuers will pay interest rates, or will sell face value bonds at a discount. Market prices of debt securities fluctuate depending on market interest rates fluctuations, perceived credit quality, and maturity. Risks include inflationary factors, legislative risks (taxes), liquidity risks, credit risks, and interest rate risks.
6. **Cash and Cash Equivalents:** Cash and cash equivalents are considered the most liquid and lowest risk investments when compared to other investment options. However, cash is subject to low return rates, monetary policy risks, currency exchange risks, and loss of purchasing value due to inflation.
7. **Structured Notes:** Structured notes are a debt obligation of the issuer and are subject to credit risk of the issuer. Credit risk exist whether or not the structured product is principal protected. Investors in structured notes risk partial or full loss of principal. Structured products are generally illiquid. Structured products carry the risks due to underlying asset performance in addition to credit risk of the issuer. Structured products can have cap or call features that will limit upside performance. FDIC insurance on structured products issued with FDIC coverage is limited to amounts described in the prospectus, and the interest component is generally not insured until the final observation date. Structured products have tax considerations that ATFA recommends clients review with a tax professional.
8. **Non-Public Limited Partnerships:** Non-public limited partnerships generally involve more risk than other equity ownership alternatives. Investors in these limited partnerships will have limited voting and control over operations of the entity. Investor participation is generally severely restricted through the terms of an operating agreement or private placement memorandum. These investments are highly illiquid, and often have no secondary market in which to liquidate the investment. Limited Partnerships have special tax considerations that ATFA recommends clients review with a tax professional. Investors must be sophisticated and understand the risk of investing, including the potential for complete loss of principal.

ATFA does not represent, warranty or imply that services or methods of analysis used by ATFA will successfully identify market tops or bottoms, or insulate clients from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that client goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by ATFA will provide a better return than other investment strategies or services.

## Item 9: Disciplinary Information

ATFA is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business, or the integrity of our management. ATFA does not have any reportable disciplinary information to disclose.

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

### **Independent Insurance Agents**

Certain persons providing investment advice on behalf of ATFA are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to clients, and qualify for other producer incentives, such as gifts or trips as described in Item 14. Insurance commissions, referral fees, and incentives earned by these persons are separate from, and in addition to, ATFA advisory fees. The recommendation of insurance products by these individuals presents a conflict of interest because these individuals have an incentive to recommend insurance products to clients for the purpose of generating commissions, and incentives rather than solely based on client needs. Clients are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

### **TD Ameritrade Institutional Trading Panel**

ATFA's Chief Executive Officer, or appointee, serves on the TD Ameritrade Institutional Trading Panel. The panel consists of firms invited by TD Ameritrade to provide ideas and advice on how institutional advisors use the trading software, tools, and resources provided by TD Ameritrade, and how to improve the trading related support offered by TD Ameritrade. ATFA receives value for clients in the form of communicating ideas to TD Ameritrade that could be adopted to better improve services to clients, and education on products that are used to effect client transactions and services. The panel meets 3-4 times per year in person, and as needed via teleconference. Service on the panel is ongoing and can be terminated at the discretion of the ATFA or TD Ameritrade at any time. TD Ameritrade does not compensate panel members directly, but does provide travel, lodging, and board for in-person events, and occasionally provides panel members with event attendances and small gifts. The benefits received by panel members do not depend on the amount of brokerage transactions directed to TD Ameritrade.

### **Other Affiliations**

ATFA is not, and does not have a related person who is, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, ATFA is not, and does not have a related person who is, a broker/dealer or other similar type of broker or dealer, investment company or other pooled investment vehicle, futures commission merchant or commodity pool operator, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer, or sponsor or syndicator of a limited partnership.

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

### **Code of Ethics**

ATFA owes a fiduciary duty of loyalty, fairness, and good faith to our clients. ATFA takes its compliance and regulatory obligations seriously and requires all staff to comply with such rules and regulations as well as ATFA's policies and procedures. ATFA has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). The Code of Ethics contains written policies reasonable designed to prohibit the use of material non-public information (insider information), require pre-approval when making certain investments (such as initial public offerings or private placements), require certain personnel to report personal securities holdings and transactions at least quarterly, and prohibit activities that can lead to, or give the appearance of, conflicts of interest, insider trading, front running, or other unethical activities. Clients or prospective clients of ATFA can contact us to request a copy of our complete Code of Ethics.



### **Participation Interest in Client Transactions**

Neither ATFA nor its associated persons recommend to clients, nor buys or sells for client accounts, any securities in which we have a material financial interest. However, ATFA and its associated persons regularly buy or sell securities identical to those securities recommended to clients. Therefore, ATFA and/or its associated persons can have an interest or position in certain securities that are also recommended or bought or sold to clients. ATFA and its associated persons will not put their interests before client interests. ATFA and its associated persons cannot intentionally trade in such a way to obtain a better price for themselves than for clients.

ATFA is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of client transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

### **Item 12: Brokerage Practices**

ATFA participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. TD Ameritrade and ATFA are not affiliated. ATFA receives some benefits from TD Ameritrade through its participation in the Program. There is no direct link between ATFA's participation in the program and the investment advice it gives to its clients, although ATFA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving ATFA's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds and ETF's with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to ATFA by third party vendors. TD Ameritrade has an arrangement where it is paid for business consulting and professional services received by ATFA's related persons. Some of the products and services made available by TD Ameritrade through the program will benefit ATFA but will not benefit its client accounts. These products or services can assist ATFA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help ATFA manage and further develop its business enterprise. The benefits received by ATFA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, ATFA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by ATFA or its related persons in and of itself creates a conflict of interest and can indirectly influence the ATFA's choice of TD Ameritrade for custody and brokerage services.

ATFA periodically evaluates the services provided by the broker/dealer we recommend (TD Ameritrade) to determine if we are recommending the best service for our clients. Some of the criteria we use to evaluate these services are:

- The brokerages ability to service our clients.
- Industry Reputation of the brokerage.
- The ability to provide client statements and transaction reporting.

- Existence of a robust and efficient trading platform.
- A diverse offering of products and services.
- Technology and educational resources.
- Cost and speed of execution.
- Financial stability of the brokerage.
- Confidentiality and security of client information.
- Responsiveness to our needs and inquiries, as well as client needs and inquiries.
- Other factors that can bear on the overall evaluation of best execution.

While ATFA generally recommend that clients use brokerage and clearing services of TD Ameritrade. Clients are advised that not all investment advisers require maintenance of accounts at a specific financial institution. Clients can maintain accounts at another financial institution and request, in writing, that ATFA manage these accounts. However, if another financial institution is used, they must be able to provide duplicate statements and confirmations to ATFA, provide necessary online trading capabilities, provide prompt electronic account access for review purposes, and must be able to accept trade instructions from ATFA. Further, clients are advised ATFA will likely not be able to achieve the most favorable execution of transactions under this arrangement. The client will be responsible for negotiating terms and arrangements with the financial institution. Consequently, these clients will likely incur higher costs. Additionally, ATFA can, in its sole discretion, decline client requests to use a particular financial institution if such arrangements would result in operational difficulties or violate restrictions imposed on ATFA.

### **Individual Transactions and Aggregated Transactions**

Transactions for each client will be effected independently, unless ATFA decides to purchase or sell the same security for several clients at approximately the same time. In these instances, ATFA does regularly aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution or to allocate differences in prices and commissions or other costs equitably among ATFA's clients. However, aggregated or bunched orders will not reduce the transaction cost (ticket charges) to participating clients. ATFA conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the bunched order.

### **Partial Fills**

To the extent the aggregated order is not filled in its entirety, ATFA will follow procedures to allocate the partial fill to clients in a manner that is unbiased toward any client or group of clients and minimizes holding odd-lots or a small number of shares. Partial fills will be allocated per the pre-allocation on a pro-rata basis or on a random basis to as many accounts as possible until the partial fill is completely used. For clarity, on a pro-rata basis the number of shares obtained is divided by the number of shares intended, and that percentage is given to each account that was intended to receive the trade. On a random basis, we use a random letter generator to select an account whose primary owner or trustee has that letter as the first letter in their last name and we allocate to that account first and continue on an alphabetical basis filling out the full allocation to each subsequent account that can receive the remaining amount until the allocation is fully used.

ATFA will determine which method is best on a case-by-case basis, however the primary means will be pro-rata unless the circumstances of the trade would harm clients. Some examples of reasons for using a random basis vs. pro-rata can be that round lots of shares are needed for a multi position strategy, pro-rata allocation would cause clients to pay more than one ticket charge if filling out the allocation is expected in the future, if smaller accounts would be harmed by a pro-rata allocation because they would effectively be excluded from the allocation by falling below the ratio threshold, or other circumstances as determined by All Terrain based on a fiduciary standard.

### **Trade Errors**

ATFA considers a compensable trade error to be an error that results from ATFA's action or omission that does not meet the applicable standard of care and that results in a loss to the client. ATFA will follow the procedures below to correct trade errors:

4. If ATFA caused the error and the error resulted in a loss to the client's account, ATFA will correct the error to place the client in the same position as if the error had not occurred.
5. If ATFA caused the error and the error resulted in a profit to the client account, the client will be allowed to keep the profit as long as the error was not related to a misallocation of a security or quantity intended for another client account, or related to a trade for which the client account was not approved for the type of security or strategy related to the error.
6. If ATFA did not cause the error, the party that caused the error is responsible for the results of the error.

ATFA can net gains and losses related to trade errors within a single account when the gain or loss results from a single trading decision (for example, all parts of a spread trade or all trades made as part of an allocation change in the same day) or represents a single and consistent application of a guideline or restriction. ATFA will not net the gains and losses of separate clients and will not net the gains and losses of a single client that resulted from multiple errors (for example, trade errors resulting from more than one investment decision for the same client).

Net gains from trade errors are placed in ATFA's trade error account and are donated to charity per custodial guidelines.

ATFA will prevent certain client accounts from trading in a particular security while it obtains client consent, account approvals, or other necessary documentation. This delay could cause some client accounts to miss investment opportunities. Because any such delay or missed investment opportunity arises from the need to ensure compliance, ATFA does not regard these situations as errors.

## **Item 13: Review of Accounts**

### **Reviews**

For those clients participating in ATFA asset management services, ATFA monitors portfolios on a continuous basis and will offer an account review at least annually. Reviews are conducted by one of ATFA's investment advisor representatives. ATFA will contact clients who are participating in ongoing services at least annually to offer a review of services and recommendations, and to discuss any changes in the client's financial situation. Clients are advised to notify ATFA of any changes to their needs, goals, objectives, or financial situation as they arise.

### **Reports**

Clients will receive transaction confirmations and regular account statements directly from their account custodian, unless otherwise agreed upon between the custodian and client. In addition, ATFA can provide duplicate custodial statements upon request. During client reviews or other communications with clients ATFA can provide personalized summaries of accounts, illustrations, written recommendations, meeting summaries, spreadsheets, third party investment disclosures, and/or other information pertaining to the clients account, investments, or ATFA's advice. ATFA does not prepare formalized or periodic performance or holdings reports for clients. Clients are advised to compare statements received from their qualified custodian to information provided by ATFA to verify the accuracy of information provided by ATFA, if discrepancies exist, the custodial statement will prevail.

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

### **AdvisorDirect Referrals**

ATFA has clients who were referred from TD Ameritrade through the TD Ameritrade AdvisorDirect program. ATFA does not currently participate in the AdvisorDirect Program for new referrals at this time. However, ATFA has legacy clients who were previously referred through AdvisorDirect. TD Ameritrade is a discount broker-dealer independent of, and unaffiliated with, ATFA and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise ATFA and has no responsibility for ATFA's management of client portfolios or ATFA's other advice or services. ATFA pays TD Ameritrade an on-going fee for clients referred through AdvisorDirect. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to ATFA ("Solicitation Fee"). ATFA will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by ATFA from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hires ATFA on the recommendation of such referred client. ATFA will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

ATFA's AdvisorDirect relationship raises potential conflicts of interest. ATFA has an incentive to recommend to clients that the assets under management by ATFA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. ATFA has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. ATFA's AdvisorDirect relationship does not diminish its duty to seek best execution of trades for client accounts.

### **Solicitors**

ATFA has entered into arrangements with individuals ("Solicitors") whereby we compensate Solicitors for client referrals. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with ATFA for advisory services. Compensation to solicitor will be an agreed upon percentage of ATFA's advisory fee. ATFA's referral program is in compliance with applicable federal and state regulations. The solicitation/referral fee is paid pursuant to a written agreement retained by both ATFA and the solicitor. The Solicitor will be required to provide the client with a copy of this disclosure brochure and a specific written solicitor disclosure statement prior to, or at the time of, entering into any investment advisory contract with ATFA. Solicitors are not permitted to offer clients any investment advice on behalf of ATFA. Clients' advisory fee will not be increased as a result of compensation being shared with a Solicitor.

### **Insurance Compensation**

As disclosed under Item 5 and 10, certain persons providing investment advice on behalf of our firm are licensed insurance agents and receive commissions for selling insurance products. Additionally, these licensed agents qualify for producer incentives, such as gifts and trips, offered by insurance companies, brokerages, and marketing organizations. These incentives are generally offered when an insurance agent sells a certain amount of insurance during a specified timeframe. Clients are advised that a conflict of interest exists when associated persons of ATFA, who are also independent insurance agents, recommend or offer to sell insurance products. For more information on the conflicts of interest this presents, and how we address these conflicts, please refer to Items 5 and 10.

### **Other Compensation**

ATFA receives some benefits that have a monetary value as part of our participation in the Institutional Trading Panel and Institutional Advisor Program at TD Ameritrade, see Items 10 and 12 above for more information.

### **Gifts, Business Entertainment and Events**

ATFA and its associated persons will receive small gifts or participate in business entertainment and/or events with third parties, such as custodians, investment advisors, vendors, or fund managers. These activities are governed by ATFA's gift and entertainment policies.

Gifts, entertainment and events provided by third parties create a conflict of interest for ATFA or its associated persons by providing an incentive to select or recommend products or services offered by third parties.

At times, ATFA and its associated persons will be invited by third parties to participate in business events, and third parties can provide the cost of travel, board, and lodging. It is ATFA's policy to allow participation in such events, if it is expected to benefit services to clients. These benefits can include networking and education opportunities provided during events. One example of an event that ATFA regularly attends is the TD Ameritrade Trading Panel described in Item 10. Receipt of gifts and participation in events must be pre-approved by ATFA's compliance department. All gifts and events must be professional and consistent with industry standards and practices.

## **Item 15: Custody**

If client authorizes debit of advisory fees directly from client's account and remits that fee to ATFA in accordance with applicable custody rules, through an agreement with the account custodian, ATFA will be deemed to have custody. Additionally, ATFA will be deemed to have custody if a client authorizes ATFA to service third party standing letters of authorization and grants authority to ATFA to change the amount, timing, or destination of distributions. Other than the aforementioned situations, ATFA does not take custody of client funds or securities.

Clients will receive statements quarterly or more frequently from their qualified custodian, clients should carefully review those statements. ATFA can provide duplicate custodial statements upon request. During client reviews or other communications with clients ATFA can provide personalized summaries of accounts, illustrations, written recommendations, meeting summaries, spreadsheets, third party investment disclosures, and/or other information pertaining to the clients account, investments, or ATFA's advice. ATFA does not prepare formalized or periodic performance or holdings reports for clients. Clients are advised to compare statements received from their qualified custodian to information provided by ATFA to verify the accuracy of information provided by ATFA, if discrepancies exist, the custodial statement will prevail.

## **Item 16: Investment Discretion**

Clients can grant ATFA authorization to manage their account on a discretionary basis. Discretionary authority will give ATFA the authority to buy, sell, exchange, convert securities in managed accounts. Clients will grant such authority to ATFA by execution of the advisory agreement. Clients can terminate discretionary authorization at any time upon receipt of written notice by ATFA.

Additionally, clients are advised that:

1. Clients can set parameters with respect to when account should be rebalanced and set trading restrictions or limitations in their written advisory agreement;
2. Client's written consent is required to establish any brokerage account;
3. ATFA will not have the ability to withdraw funds or securities from client accounts, with the

- exception of deduction of ATFA's advisory fees from the account, or when servicing standard letters of authorization, if a client has authorized these items as described in Item 15;
4. Client trading in their own account threatens and interferes with ATFA's management strategy and could result in ATFA terminating its management services.

## **Item 17: Voting Client Securities**

ATFA does not proxy vote client securities. ATFA will disregard any elections by clients to have ATFA vote proxies their behalf. Unless clients suppress proxies, securities proxies will be sent directly to clients by the account custodian or transfer agent. Clients can contact ATFA with questions on how to vote. However, how clients vote is solely their decision.

## **Item 18: Financial Information**

1. ATFA will not require clients to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.
2. ATFA has discretionary authority over client accounts; however, that authority does not extend to the withdrawal of any client assets, with the exception of deduction of ATFA's advisory fees and standing letters of authorization as described in Item 15. We are financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to our clients.
3. Neither ATFA nor any of its Advisory Representatives has ever been the subject of a bankruptcy petition.

## **Item 19: Requirements for State Registered Advisers**

This section is not applicable to ATFA. We are registered with the Securities and Exchange Commission.