

ODYSSEY WEALTH, LLC.

Form ADV Part 2A - Brochure

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This brochure provides information about the qualifications and business practices of Odyssey Wealth, LLC. If you have any additional questions about the contents of this Brochure, please contact us at shane@odysseywealthadvisor.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.

Odyssey Wealth, LLC is a registered investment advisor. Registration as an investment advisor does not imply a certain level of skill or training.

Additional information about Odyssey Wealth, LLC is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Item 2. Material Changes

Since the filing of the last updated brochure in March 2019, Odyssey Wealth has changed its address. The new address is listed on the cover of this brochure.

Currently, our Brochure may be requested by contacting Shane K. Clark at shane@odysseywealthadvisor.com.

Additional information about our firm is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any of our affiliated persons who are registered, or are required to be registered, as investment advisor representatives of Odyssey Wealth, LLC.

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Item 4. Advisory Business

Odyssey Wealth, LLC (“Adviser”) has been in existence since January 2017. Adviser is owned by Shane K. Clark. Adviser is actively engaged in providing investment management and investment advisory services to separately managed accounts, particularly through the selection of third-party advisers and money managers.

References throughout this document to “clients” are deemed to refer to the separately managed accounts managed by Adviser, unless the context clearly suggests otherwise. Adviser generally invests and trades on behalf of clients in a wide variety of securities and financial instruments, domestic and foreign, of all kinds and descriptions.

Adviser generally does not permit clients to impose limitations on the investment activities described in the investment strategy. Under certain circumstances, Adviser will contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. Adviser negotiates such arrangements on a case by case basis.

As of December 31, 2019, Adviser managed \$1.1 million of regulatory assets under management on a discretionary basis.

Item 5. Fees and Compensation

Adviser is compensated for its investment management services on the basis of fees calculated as a percentage of assets under management. Adviser’s fees and compensation are described in the advisory contracts it enters into with its clients.

Adviser may allocate a portion of its clients’ capital to third-party advisers, money managers, mutual funds, money market funds or exchange-traded funds. In addition to the fees and expenses discussed below, clients will indirectly incur similar fees and expenses if Adviser invests their capital with such third-parties. Clients will be independently responsible for such fees and costs.

For Internet-Based Separately Managed Accounts:

Fees based on percentage of assets under management are calculated by multiplying the fair market value of the cash and securities in the portfolio as of the close of the calendar quarter by the applicable fee rate(s) prorated for any partial quarter, including upon the termination of the relevant advisory contract.

Except as noted below, Adviser’s fees are generally payable quarterly in arrears. Fees are generally deducted from client accounts subject to terms and conditions that are detailed in each client’s Investment Management Agreement (“IMA”). Alternative frequency of payments and/or methods of calculation may be available, where appropriate and upon the client’s request.

However, in accordance with federal law, all fees deducted from the client's account will be deducted in the manner:

- The client must provide written authorization permitting the fees to be paid directly from the clients account held by independent custodian.
- Adviser will send to the custodian written notice of the amount of the fee to be deducted from the account. The custodian agrees to send the client a statement directly, at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees paid directly to Adviser. The custodian of the account is advised in writing of the limitation on Adviser's access to the account. Adviser does not and will not have custody of client's funds and securities.
- Adviser sends to the client an invoice showing the amount of the fee, including any formulae used to calculate the fee, the time period covered by the fee and the amount of assets under management the amount of fee was based. Adviser advises the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated.
- Adviser shall only utilize the custodial services of the "Qualified Custodian."

Fee Schedule:

ON CASH AND SECURITIES TOTALING:

0.75% per annum for exclusively online based advice

However, different fee schedules may be established for certain accounts managed by us that pursue various strategies. Such fee schedules are contained in such accounts respective IMA's. The fees for such accounts are payable quarterly in arrears.

Different fee schedules than those described above may be available to accounts with higher amounts of assets under management. In certain circumstances, fees may be subject to negotiation, and fees may be modified for certain clients. The reasons for modifications include the complexity and level of service provided, the number of different accounts and the total assets under management for an investor and its related persons, or other circumstances that Adviser deems relevant. Certain accounts of persons affiliated with Adviser may be managed without fees or at reduced fees.

Adviser's fees do not include other expenses incurred by clients in connection with our investment advisory services such as brokerage costs. See Item 12 entitled *Brokerage Practices* on page 12 for additional information.

Investment management and investment advisory contracts between Adviser and its clients can be terminable at any-time or have lock-up agreements depending upon the specific circumstances and needs of particular clients. In the event of termination, advisory fees will be prorated over the period during which investment management or investment advisory services were provided.

Item 6. Performance-Based Fees And Side-by-Side Management

Adviser is not compensated for its investment management services on the basis of fees calculated from performance-based fees or allocations.

Adviser may buy or sell securities for one client at the same time that it or its related persons buy or sell the same security for one or more other clients. This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account. Adviser generally allocates investment opportunities *pro rata* based on the capital of client accounts. However, allocations may be made on a basis other than *pro rata* for a number of reasons, including, but not limited to: the investment objectives and restrictions of each client, available cash, liquidity requirements, tax or legal reasons, to avoid odd lots, or in cases in which such an allocation would result in a *de minimis* allocation to a client.

New issues (as defined by Rule 5130 of the Financial Industry Regulatory Authority, Inc.) are allocated to client accounts in accordance with the criteria set forth above.

In addition, Adviser has adopted a Code of Ethics that was written and implemented in an effort to avoid potential conflicts resulting in unfair treatment of any client account. Adviser will provide a copy of its Code of Ethics to any client or prospective client upon request.

Item 7. Types of Clients

Adviser provides Internet-based investment management services to individuals, households and high net worth individuals who open an Internet account with Adviser. Adviser generally requires a minimum initial investment of \$10,000, although exceptions may be made if circumstances warrant on a case-by-case basis. Separately managed accounts may also be opened at smaller asset levels if growth is expected within a reasonable timeframe, if a relationship exists between the underlying investor and an existing investor, if the investor is one of several investors referred to Adviser by the same person or entity, or if Adviser deems it appropriate.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

For the Internet-based Separately Managed Accounts:

Overview

Adviser seeks to generate superior long-term returns while minimizing risk through strict adherence to a disciplined investment process. The investment process is based on computer algorithms that emphasize diversification. Adviser seeks to minimize tax effects by limiting turnover in each algorithm of long positions.

Investment Philosophy

Adviser operates an Internet-based investment advisory platform which will offer clients options to invest in the following type of strategy: passive diversified index investing through a basket of ETF's. This strategy also incorporates findings from behavioral finance attempting to limit investor irrationality.

Investment Strategy

Adviser's goal is to help clients meet their financial goals and objectives by providing market returns through customized investment solutions and importantly managing risk. This strategy is based on modern portfolio theory to deliver market returns to clients using a series of custom of diversified ETF portfolios. Each portfolio is constructed with a range of diversification including: asset class, style, size, market capitalization, and geographic location including currency exposure.

Portfolio Monitoring

Adviser's Internet-based account management system offers an automated methodology for monitoring the investments once they become portfolio holdings. The metrics monitored for each portfolio may vary according to the investment objectives and risk tolerance of each client. Client portfolio monitoring will include ongoing reviews and updates to the client's objectives and risk parameters, which will be available through the client's Internet portal.

Certain Risks Associated with Methods of Analysis and Investment Strategies

Adviser's investment strategies involve significant risks. A discussion of the material risks is provided below. Prospective investors are urged to review each separate account's investment management agreement and investment policy guidelines.

Concentration of Investments. Each separate account is not restricted in the amount of its capital that it may commit to any single security, geographic region, industry, sector or market, and at times each account may hold a relatively large concentration in a particular security, geographic region, industry, sector or market. Losses incurred in those positions could have a material adverse effect on each separate account's overall financial condition. This is because the value of each separate account will be more susceptible to any single occurrence affecting one or more of those issuers, geographic regions, industries, sectors or markets than would be the case with a more diversified investment portfolio.

Investment and Trading Risks. All investments risk the loss of capital. Adviser believes that each separate account's trading program and Adviser's trading techniques will moderate this risk. However, no guarantee or representation is made that each separate account's trading program will be successful or that each account will not incur losses. Each separate account's trading program may utilize techniques including, but not limited to, the use of leverage and short sales, which in practice can, in certain circumstances, increase the adverse impact to which the account may be subject.

Adviser will attempt to assess the foregoing risk factors, and others, in determining the extent of the position it will take in the relevant positions and the price it is willing to pay for such positions. However, such risks cannot be eliminated.

Risk of Default or Bankruptcy of Third Parties. Adviser intends to engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, a separate account could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, the separate account could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the separate account does business, or to which securities have been entrusted for custodial purposes. For example, if one of each separate account's brokers or custodians were to become insolvent or file for bankruptcy, the separate account could suffer significant losses with respect to any securities held by such firm.

Equity Securities. Each separate account may from time to time trade in both listed securities that are traded on a securities exchange and unlisted securities that are traded over-the-counter. The volume of trading in unlisted securities is generally less than that found on securities exchanges. Therefore, it may be more difficult to buy and sell these securities, which increases the volatility of their share prices. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of issuers, the market in which such companies compete as well as market conditions and general economic environments.

Short Sales. A short sale involves the sale of a security that the separate account does not own in

the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the separate account must borrow the security and the separate account is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the separate account. When the separate account makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss to the separate account. The extent to which the separate account will engage in short sales will depend upon Adviser's trading strategy and perception of market direction.

Exchange Traded separate accounts ("ETFs"). Each separate account may trade in ETFs. ETFs are generally structured to invest in all or a representative sample of the securities that generally replicate the price and yield performance of an underlying market index or sector such as a broad stock market, industry sector, domestic or international equity or fixed income, or U.S. or foreign government bond. ETF shares are traded on stock exchanges and markets at open market prices that generally track the net asset value per share of the ETF. Direct issuances and redemption of ETF shares at the ETF's net asset value per share only occur in large blocks (or creation units) transacted between the ETF and authorized institutional purchasers on an in-kind basis. An exchange traded sector fund may be adversely affected by the performance of that specific sector or group of industries on which it is based. International investments may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or economic, political instability in other nations and/or other factors. Although index-based ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indices, ETFs may not be able to replicate exactly the performance of the indices because of their expenses and other factors. ETF shares may trade at either a discount or premium to their underlying net asset value. The purchase or sale of ETF shares on the secondary market involves the payment of brokerage commissions, and the purchase and redemption of creation units involves other transaction costs and brokerage commissions. Investors in ETFs also directly bear the ETF's costs associated with its payment of investment management fees and fees for administrative, custodial or other services and thus the limited partners will indirectly incur an additional layer of fees and expenses.

REITs. Each separate account may purchase and sell interests in publicly traded real estate investment trusts ("REITs") and similar entities whose assets consist substantially of equity interests in real property or mortgages and other liens on or interests in real property. The activity of identifying, completing and realizing attractive real estate investments has from time to time been highly competitive, and involves a high degree of uncertainty. Each separate account will be competing for investments with numerous real estate investment vehicles, as well as individuals, financial institutions (such as mortgage banks, pension funds and real estate investment trusts) and other institutional investors. Furthermore, over the past several years, many real estate investment funds and publicly traded REITs have been formed and others have consolidated (resulting in larger funds and REITs). Such REITs and additional funds and REITs that may be formed in the future by other unrelated parties or upon further consolidation may

have investment objectives similar to those of the separate account with respect to REITs. There can be no assurance that the separate account will be able to locate, complete and exit investments which satisfy each separate account's rate of return objective or realize upon their values.

REITs are also subject to many of the same risks involved in direct ownership of real estate. For example, the value of real estate could decline due to a variety of factors affecting the real estate market generally, such as overbuilding, increases in interest rates, or declines in rental rates. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of any credit extended.

REITs are dependent upon the management skills of their managers, are typically not diversified, and are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs are also subject to the possibilities of failing to qualify for tax-free pass-through of income under the Internal Revenue Code of 1986, as amended, and failing to maintain their exemptions from registration under the Investment Company Act of 1940, as amended.

Additionally, REITs (especially mortgage REITs) are subject to interest rate risks. When interest rates decline, the value of a REIT's investment in fixed rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a REIT's investment in fixed rate obligations can be expected to decline. In contrast, as interest rates on adjustable rate mortgage loans are reset periodically, yields on a REIT's investments in such loans will gradually align themselves to reflect changes in market interest rates, causing the value of such investments to fluctuate less dramatically in response to interest rate fluctuations than would investments in fixed rate obligations.

Closed End separate accounts. Each separate account may trade in closed end funds. Closed end funds may be used as a mechanism to gain or hedge exposure to certain types of investments in a manner that is more efficient than direct investments or other securities. However, due to the fact that closed end funds very often trade at discounts, there is no assurance that Adviser will be able to achieve the same effectiveness as direct investments.

Hedging Transactions. Adviser is not required to attempt to hedge portfolio positions in the separate account and, for various reasons, may determine not to do so. Furthermore, Adviser may not anticipate a particular risk so as to hedge against it. While the separate account may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the separate account than if it had not engaged in any such hedging transaction. For a variety of reasons, Adviser may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the separate account from achieving the intended hedge or expose the separate account to risk of loss. The success of each separate account's hedging strategies is subject to Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the positions in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of each separate account's hedging strategy is also subject to Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner.

Foreign Investments. Each separate account may trade in non-U.S. securities and other instruments denominated in non-U.S. currencies and/or traded outside of the United States. Such transactions require consideration of certain risks not typically associated with investing in United States securities or property. Such risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the United States or foreign governments, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the United States, and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

Currency Risks. Each separate account may invest in financial instruments denominated in currencies other than the U.S. Dollar or in financial instruments which are determined with references to currencies other than the U.S. Dollar. Each separate account, however, will generally value its assets in U.S. Dollars. To the extent unhedged, the value of each separate account's assets will fluctuate with U.S. Dollar exchange rates as well as with price changes of its investments in the various local markets and currencies. Thus, an increase in the value of the U.S. Dollar compared to the other currencies in which the separate account may make investments will reduce the effect of increases and magnify the U.S. Dollar equivalent of the effect of decreases in the prices of each separate account's financial instruments in their local markets. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of each account's non-U.S. Dollar financial instruments.

Derivatives Generally. Derivative instruments, or "derivatives," include options, futures, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. There is no assurance that derivatives that Adviser may trade, directly or indirectly, on behalf of the separate account will be available at any particular times upon satisfactory terms or at all.

The value of a derivative is frequently difficult to determine and depends largely upon price movements of the underlying asset. Therefore, many of the risks applicable to trading an underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement in the underlying asset can not only result in the loss of the entire investment, but may also expose the separate account to the possibility of a loss exceeding the original amount it invested. Over-the-counter derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for derivatives is relatively illiquid.

Adviser may take advantage, directly or indirectly, of opportunities for the separate account with

respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the trading objective of the separate account and legally permissible. Special risks may apply to instruments that are traded by the separate account in the future that cannot be determined at this time or until such instruments are developed or traded by the separate account.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), certain over-the-counter derivatives contracts will be subject to regulation through registered clearing houses and regulated by the SEC and the Commodity Futures Trading Commission (the “CFTC”).

It is expected that certain rate swaps and credit default swaps will be amongst the first swaps that will be subject to the CFTC’s clearing requirements. Once this occurs (and subject to certain phase-in requirements anticipated to take effect in early to mid-2013), such contracts will be traded more like futures and options contracts, parties will trade standardized contracts and will face clearing corporations as contractual counterparties, rather than, as is currently the case, facing the credit risk of counterparties under individually negotiated over-the-counter agreements. Many Dodd-Frank Act rules relating to swaps and securities-based swaps that will be promulgated by the SEC have not been finalized and the CFTC and SEC are both expected to conduct further rulemaking with respect to the Dodd-Frank Act.

Swap dealers and major swap participants (entities that are not swap dealers, but are subject to rules governing dealers due to their levels of activity) are subject to regulatory oversight and requirements with respect to over-the-counter derivatives, which include business conduct requirements, such as know-your-customer rules, increased risk disclosure and rules requiring trades to be documented within certain timeframes. Derivative contracts, whether cleared or traded over-the-counter, have to be reported to the CFTC and/or the SEC. Despite these pending changes, parties to over-the-counter derivative (*i.e.*, those not yet subject to the new clearing requirements) trades will continue to bear counterparty credit risk.

Put Options. Each separate account may trade, directly or indirectly, in put options on individual securities. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the

underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing his entire investment in the call option.

Forward Trading. Each separate account may engage, directly or indirectly, in forward trading. Forward contracts (including foreign exchange) and options thereon are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated -- there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration, which could result in substantial losses to the separate account.

Futures Trading. Each separate account may trade, directly or indirectly, futures. Adviser is not registered with the CFTC as a commodity pool operator or commodity trading advisor. However, Adviser may trade, directly or indirectly, a limited amount of futures contracts for the separate account without so registering in reliance on an exemption from registration under CFTC Rule 4.13(a)(3). As a result, Adviser, unlike a registered commodity pool operator or commodity trading advisor, will not be required to deliver a disclosure document and annual report to limited partners, and will not be subject to certain other disclosure and recordkeeping rules applicable to registered entities.

Futures trading is very speculative, largely due to the traditional volatility of futures prices. Futures prices are affected by and may respond rapidly to a variety of factors, including, without limitation, market and news reports, interest rates, national and international political or economic events, and domestic or foreign trade, monetary or fiscal policies or programs. Such rapid response might include an opening price on an affected futures contract sharply higher or lower than the previous day’s close. In such an instance, the separate account might be unable to adjust its positions in time to avoid a loss.

Commodity futures prices are highly volatile. Price movements of futures contracts are influenced by, among other things, changing supply and demand relationships, domestic and foreign governmental programs and policies, and national and international political and economic events.

Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar

occurrences could prevent the separate account from promptly liquidating unfavorable positions and subject the separate account to substantial losses. In addition, pursuant to the Dodd-Frank Act, the CFTC has published final rules setting forth position limits which could adversely affect each separate account's trading. The status of these position limits is currently in doubt.

Fixed Income Securities. Each separate account may trade, directly or indirectly, in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Each separate account may trade, directly or indirectly, in fixed income securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

Leverage. Leverage is the use of borrowed funds for investment. Such borrowed funds would generally be obtained by using securities the separate account owns as collateral. Leverage may also be obtained through other means including the use of derivative instruments. To the extent the separate account purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, each separate account's use of leverage would result in a lower rate of return than if the separate account were not leveraged. If the amount of borrowings which the separate account may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of each separate account's portfolio will have a disproportionately large effect in relation to its capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the value of each separate account's assets to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies fails to cover their cost to the separate account, the value of each separate account's assets will generally decline faster than would otherwise be the case.

The amount of any borrowing may also be limited by regulations imposed by the Federal Reserve Board or by the availability and cost of credit. If, due to market fluctuations or other reasons, the value of each separate account's assets should fall below required regulatory levels, the separate account will be required to reduce its debt by selling securities in its long portfolio.

Price Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the instruments in which the separate account trades may decline or rise substantially. In particular, purchasing

assets at prices that may appear to be “undervalued” levels is no guarantee that such assets will not be trading at even more “undervalued” levels at the time of valuation or at the time of sale. Similarly, shorting assets at prices that may appear to be “overvalued” levels is no guarantee that such assets will not be trading at even more “overvalued” levels at the time of valuation or at the time of sale.

Competition. The securities industry and the varied strategies and techniques to be engaged in by Adviser are extremely competitive and each involves a degree of risk. Each separate account will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Changes and Uncertainty in U.S. and International Regulation. Each separate account may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which the separate account is exposed through its investments or investor base. The tax and regulatory environment for hedge funds is evolving, and changes in the regulation or tax treatment of hedge funds and their investments may adversely affect the value of positions held by the separate account, and may impair its ability to pursue its trading strategy. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause Adviser to alter investment and trading plans, including the holding period of positions and the nature of instruments used to achieve each separate account’s trading objective.

Item 9. Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Adviser or the integrity of Adviser’s management. Adviser has no information to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Adviser is not engaged in any other business and has no affiliation which would cause a conflict of interest with Adviser’s Internet-based advisory business.

Adviser has adopted a Code of Ethics that was written and implemented in an effort to avoid potential conflicts resulting in unfair treatment of any client account. Adviser will provide a copy of its Code of Ethics to any client or prospective client upon request.

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

Adviser permits its employees to engage in person securities transactions, and to purchase and sell securities that may be held by or may be suitable for investment by client accounts. Personal securities transactions may result in potential conflicts of interest with Adviser clients. Accordingly, Adviser has adopted policies (Adviser's Code of Ethics) designed to mitigate conflicts of interest and the potential appearance of impropriety in an employee's personal action. In order to ensure compliance with this policy, each Adviser employee is required submit duplicate copies of all statements generated by any broker-dealer for that employee's account.

Adviser restricts the purchase and sale by its personnel for their own accounts for securities that have been or are being considered for purchase or sale for client accounts. For across the board trades, personnel are not to engage in a transaction in the same security while an order for a client's account is pending and until after all pending transactions for client accounts have completed. Furthermore, any purchases or sales by Adviser personnel for securities that are held, recently sold, or under consideration are subject to compliance with adopted policies (Adviser's Code of Ethics).

Adviser has adopted a Code of Ethics that was written and implemented in an effort to avoid potential conflicts resulting in unfair treatment of any client account. Adviser will provide a copy of its Code of Ethics to any client or prospective client upon request.

Item 12. Brokerage Practices

Adviser executes trades on behalf of its separately managed account clients with the broker of record for the account. Client commission dollars are not negotiated by Adviser and are determined by the client and broker of record.

Adviser will generally aggregate client trades where multiple client accounts are held in custody at the same broker of record. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for us generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. Adviser may aggregate client orders when doing so will result in a better overall price for client trades. Adviser will generally aggregate orders for the same security unless aggregation is not consistent with Adviser's duty to seek best execution and the terms of the investment guidelines and restrictions of each client for which trades are being aggregated. Each client that participates in an aggregated order will participate at the average price for all of the transactions in that security on a given business day, with transaction costs shared *pro rata* based on each client's participation in the transaction. Brokerage commission rates are not reduced as a result of such aggregation.

Adviser does NOT enter into soft dollar arrangements with brokers to obtain research or other products/services for itself.

Adviser executes securities transactions on behalf of clients with broker-dealers that provide it with access to proprietary research reports (such as standard investment research and credit reports). To Adviser's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to Adviser on an unsolicited basis and without regard to the rates of commissions charged or paid by clients or the volume of business that Adviser directs to such broker-dealers.

Some of Adviser's investment research services subscribers/clients (i.e. institutions and other advisers) may pay Adviser through soft dollar arrangements with broker-dealers. As a research provider, some clients may choose to pay for our services with their client commissions that would otherwise be borne by our adviser clients.

Item 13. Review of Accounts

Adviser's Internet-based account opening and review procedures requests information concerning a client's personal financial information. The system requests updated information from clients on an ongoing basis. Clients may incorporate updated information into the Internet-based account at any time through the client's personal Internet portal. The Chief Compliance Officer will also review client accounts on at least an annual basis.

Adviser provides the owners of the separately managed accounts it manages with quarterly unaudited reports at such times as the owners of such accounts and Adviser agree. The custodians of such accounts send account statements to the owners of such accounts no less frequently than monthly. In addition, since a managed account investor directly owns the positions in its separately managed account, such investor may have full, real-time transparency as to all transactions and holdings in such account. The investors in such separately managed accounts may have the right to terminate at any time.

Item 14. Client Referrals and Other Compensation

This Item requires an investment adviser to provide information relating to its arrangements with third-parties through which it receives compensation from a third-party for providing investment management services to its clients or through which it provides compensation to third-parties for client referrals. Adviser does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to clients. Adviser does not pay for solicitor or referral services.

Item 15. Custody

Other than the client authorized direct deductions of fees from accounts held by a Qualified Custodian, Adviser does not have custody of any client account, funds or securities. Adviser's clients maintain accounts with a Qualified Custodian. The custodian sends periodic reports to

each client and Adviser urges each client to carefully review those statements. Adviser's statements may vary from custodial statements based on accounting procedures or reporting dates.

Item 16. Investment Discretion

Internet-based accounts are managed on a fully discretionary basis. On a case by case basis, owners of the separately managed accounts may incorporate certain risk and/or operating guidelines that Adviser will adhere to when exercising our discretionary authority over such accounts. Such risk and/or operating guidelines are described in each client's Investment Management Agreement and available on the Internet-based account opening statement.

Item 17. Voting Client Securities

Adviser will not vote proxies as part of its discretionary authority to manage clients' accounts.

Item 18. Financial Information

This Item requires investment advisers to provide certain financial information or disclosures about their financial condition. While Adviser charges clients in advance, Adviser does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore it is not required to include a balance sheet with this Brochure. Adviser has no financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients. Adviser has not been the subject of a bankruptcy proceeding.