

**INclusive Digital Advisor, LLC**

**Part 2A of Form ADV: *Firm Brochure***

March 23, 2020

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[www.inclusiveadvisor.com](http://www.inclusiveadvisor.com)

This brochure provides information about the qualifications and business practices of INclusive Digital Advisor, LLC (“INclusive” or the “Firm”). If you have any questions about the contents of this brochure, please contact Timothy Reddington, Chief Compliance Officer, at (203) 914-1923 or [treddington@inclusiveadvisor.com](mailto:treddington@inclusiveadvisor.com).

INclusive is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration as an investment adviser with the SEC does not imply any level of skill or training.

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

## **Item 2     Material Changes**

The only material change made to this Brochure is the Firm's updated total assets under management through December 31, 2019. Any material changes made to this Brochure since this filing will be reported here in our next updating amendment.

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## Item 4 Advisory Business

### The Firm

Dr. Biao (Bill) Lu founded INclusive, a Delaware limited liability company, in 2018 and launched its advisory business. Dr. Lu is also the Managing Member and Chief Investment Officer of Aspetuck Capital Management LLC (“Aspetuck”), another Delaware limited liability company and a Commodity Trading Advisor and Commodity Pool Operator registered with the Commodity Futures Trading Commission (“CFTC”) and a member of the National Futures Association (“NFA”). INclusive shares its principal office and place of business as well as personnel with Aspetuck in Stamford, Connecticut.

Dr. Lu is the principal owner of INclusive. Tudor Global Trading LLC (“Tudor”), a member of the Tudor Group of affiliated companies, is a passive minority owner that holds an interest of less than 25%. As a passive investor, Tudor does not in any respect participate in the management of INclusive’s client accounts. Dr. Lu directs the management of INclusive’s day-to-day operations. INclusive also is subject to the governance of a board of directors (the “Board”), which is expected to: (i) at a minimum, be composed of three persons, including Dr. Lu and a representative from Tudor; and (ii) address matters pertaining to INclusive’s strategic direction, conflicts of interest and other high-level issues. For more information as to these relationships, please refer to Item 10 *Other Financial Industry Activities and Affiliations* below.

### Investment Advisory Services

The Firm is an internet adviser that operates in accordance with certain restrictions and provides computer-generated, automated investment advisory services (“robo-advisor” services) to separately managed accounts of retail and high net worth individuals including their retirement accounts (e.g., individual retirement accounts (“IRAs”)) established for such individuals, each referred to as a “client” and collectively the “clients.” INclusive systematically allocates client capital among different global asset sectors through investments in exchange-traded funds (“ETFs”) intended to be representative of such sectors. *Currently, these services are offered only to U.S. persons and non-U.S. persons whose home country has a regulatory regime that permits them to invest in the United States. INclusive plans to seek securities licenses in other jurisdictions in the near future.*

As an internet adviser, INclusive provides its investment advisory services to clients solely through its website (available at [www.inclusiveadvisor.com](http://www.inclusiveadvisor.com)) (the “Website”) through which each client establishes an account (each an “Account” or an “INclusive Account” and, collectively, the “Accounts” or the “INclusive Accounts”) with INclusive pursuant to the Terms and Conditions of Website Access and Advisory Services (the “Terms and Conditions”) posted on the Website for “click to” or electronic signature acceptance.

**Prospective clients must read the Terms and Conditions carefully before making any decision as to whether to open an INclusive Account, as the Terms and Conditions constitutes the entire and legally binding investment advisory and Website access agreements between INclusive and each client, as well as including important related information (including risk factors and conflicts of interest).**

For more information regarding opening an Account, please refer to *Opening Accounts* below under this Item 4.

INclusive offers clients a choice of two investment strategies:

- The Global Asset Allocation Strategy (the “GAA Strategy”) or
- The Global Asset Allocation Plus Alpha Strategy (the “GAA Plus Alpha Strategy,” and, together, the “Strategies” and, each, a “Strategy”).

#### *GAA Strategy*

- Our GAA Strategy reflects our core investment philosophy: invest globally in “long” positions only across a variety of asset classes including equities, fixed income and liquid real estate. The GAA Strategy provides broad and varied exposure to global markets at a competitive fee.
- Our GAA Strategy’s main investment objective is to achieve long-term capital appreciation.
- No tax considerations (*e.g.*, maximizing “long-term capital gains” or “tax-loss harvesting”) are taken into account.
- Computer models and algorithms allocate an Account’s capital among different ETFs.

#### *GAA Plus Alpha Strategy*

- Our GAA Plus Alpha Strategy combines our GAA Strategy with actively managed strategies that seek to generate “*alpha*,” *i.e.*, returns in excess of the market. Our GAA Plus Alpha Strategy invests globally in both “long” and “short” positions across a larger number of asset classes than are included in the GAA Strategy, including equities, fixed income, liquid real estate, gold and credit. “Long” positions have the potential to profit when the applicable markets rise, while “short” positions have the potential to profit when the applicable markets fall.
- Our GAA Plus Alpha Strategy uses leverage, increasing profit potential but also financing costs and the risk of losses.
- Our GAA Plus Alpha Strategy targets long-term capital appreciation, potentially enhanced over the GAA Strategy by the use of leverage and short positions.
- No tax considerations (*e.g.*, maximizing “long-term capital gains” or “tax-loss harvesting”) are taken into account.
- Computer models and algorithms reallocate an Account’s capital among different ETFs.

### *Summary of Advisory Services*

- INclusive's investment advisory services require a client to provide INclusive with summary responses to a limited number of generic questions the Firm has posted on the Website regarding the client's financial position and objectives.
- Based upon the client's responses, the Firm's computerized asset allocation models (the "INclusive Program") generate both the recommended Strategy and the recommended expected annualized volatility parameters (which broadly range from conservative to moderate to aggressive)] for the client's Account. Such expected annualized volatility parameters, together with the Strategy, constitute a recommended "Expected Risk/Reward Selection."
- Clients need not accept the INclusive Program's Expected Risk/Reward Selection recommendation but may instead choose the other Strategy and/or another level of expected annualized volatility for their Accounts (subject to certain basic suitability restrictions).
- The INclusive Program allocates capital based only on the client's chosen Expected Risk/Reward Selection.
- Both Strategies are limited to allocating an Account's assets among ETFs, which serve as proxies for certain market sectors — no recommendations are made with respect to investing in any individual company or asset.

For additional information regarding the Strategies, please refer to Item 8 *Methods of Analysis, Investment Strategies and Risk of Loss* below.

### *ETFs*

ETFs are "baskets" of securities or other assets as opposed to the securities or other assets of any single issuer or entity. In buying and selling ETFs, INclusive intends to access proxies for different market sector exposures rather than attempting to assemble diversified exposures to such sectors by acquiring different individual investments.

The INclusive Program trades exclusively in ETFs and is limited to a universe of ETFs selected by the INclusive management team. INclusive's universe of ETFs covers a variety of global markets but are all U.S. exchange-listed securities; they are not themselves traded on different geographic markets. The ETFs included in the GAA Strategy and the GAA Plus Alpha Strategy are expected to change over time, as a function of (among other things) changing correlations among market sectors, as well as perceived long-term absolute price level movements in market sectors, in each case which INclusive's systems expect to identify from time to time based on historical price movements.

ETFs are expected to offer a high degree of liquidity in most market environments (although periods of sustained ETF illiquidity have occurred in the past and can be expected to reoccur). The expected high degree of ETF liquidity under most market conditions should enable INclusive to

exit positions quickly and efficiently — which can be particularly important during market dislocations. ETFs are subject to their own internal costs and risks as specified in each ETF's prospectus. For more information regarding such costs and risks, please refer to: (i) the prospectus for each of the ETFs currently included in the INclusive Program, as posted on the Website; and (ii) Item 8 *Methods of Analysis, Investment Strategies and Risk of Loss—Risk of Loss—ETFs*.

Because of, among other things, the limited number of ETFs and expected annualized volatility levels (which broadly range from conservative to aggressive) available in the INclusive Program, a “threshold” is applied to the INclusive Program's reallocation of ETFs in an INclusive Account. This means that certain changes to your Expected Risk/Reward Selection may not rise to a level sufficient to “trigger” a change to the ETFs in which your Account invests. The effect of this “trading trigger threshold” on the performance of the Account could be material and adverse over time.

### *INclusive Program*

INclusive relies on the INclusive Program to:

- Approximately assess a client's risk tolerance level and investment objectives;
- Recommend which of the two Strategies is appropriate for the client together with expected annualized volatility level at which to implement such Strategy. As further described under Item 8 *Methods of Analysis, Investment Strategies and Risk of Loss* below, volatility is generally understood to reflect the potential range of returns on an investment. The greater the expected range of returns, the greater chance that at any given time the investment will achieve returns that are higher or lower than the average expected returns. The greater this deviation from the average expected risk, the greater the risk, due to the greater uncertainty of the outcome. *Volatility is only one measure of risk, but it is the only measure of risk accounted for in the INclusive Program;*
- Allocate client capital among the ETFs within the applicable Strategy;
- Rebalance the portfolio from time to time, attempting to keep the portfolio consistent with the client's Expected Risk/Reward Selection; and
- Transmit trading orders to the Account's broker-dealer for execution in the markets.

As previously noted, a client is not bound by the Expected Risk/Reward Selection (*i.e.*, Strategy and expected annualized volatility level) recommendation made by INclusive and may elect (subject to certain basic suitability restrictions) to pursue either Strategy and at the client's preferred expected annualized volatility level.

### *No Personalized or Tailored Advisory Services*

As previously noted, INclusive is an internet adviser. While the INclusive Program generates investment recommendations within the parameters of the Strategies based on the client's responses to the limited high-level, generic questions included on the Website, this advice is neither personalized nor tailored to any client's specific needs. INclusive does not have the

resources to, and does not, provide individualized investment advisory services, which require a much higher and more detailed level of understanding and familiarity with a client's personal investment needs, as well as significantly larger staffing.

INclusive will use reasonable efforts to respond to questions submitted *via* the Website regarding client Accounts, but INclusive's ability to do so is strictly limited, and, given the computerized nature of the INclusive Program and the proprietary character of the INclusive models, there is little detailed information concerning its advisory services which INclusive will be able to provide. INclusive does not provide advisory services *via* phone, e-mail, in person, or in any other one-on-one format. This would be inconsistent with its "low-cost" internet adviser business model whereby services are, and can only economically be, provided strictly *via* the Website.

INclusive services are provided solely by computerized systems and software. Computerized systematic investing approaches are subject to certain material inherent limitations, as further described in a number of contexts under Item 8 *Methods of Analysis, Investment Strategies and Risk of Loss—Risk of Loss* below.

#### Discretionary Management

Although a client may override INclusive's Expected Risk/Reward Selection recommendation, each client grants INclusive the **full** discretionary authority to determine (by and through the INclusive Program):

- ETFs to include in the Strategies;
- ETFs to buy and sell on the client's behalf; and
- When to transmit trading orders for execution in the markets.

Discretionary authority means that INclusive will make these decisions without prior client notice or approval.

A client will **not** be able to:

- Impose any trading restrictions on an Account;
- Place any trading orders; or
- Override any of the trading orders placed by INclusive (as opposed to overriding INclusive's Expected Risk/Reward Selection recommendations or changing such Expected Risk/Reward Selection thereafter).

Clients who wish to impose trading restrictions, or control the actual trading of an account, should **not** open an INclusive Account.



## Opening Accounts

### *The INclusive Account*

- During the application process for opening an INclusive Account, clients will be asked to enter certain information, including identification documentation, employment information, financial status, retirement status and residential data. We treat all of the information and data provided to us by clients strictly in accordance with our Privacy Policy, which is posted on the Website.
- The portfolio construction process begins on the Website through our simplified risk assessment questionnaire. INclusive relies upon the information provided by each client in response to the questionnaire in recommending an Expected Risk/Reward Selection for the client's Account. INclusive does not verify the accuracy of any information provided by the client; it is solely the client's responsibility to provide accurate and complete information to INclusive, as well as promptly to update that information if it becomes inaccurate or incomplete in any material respect. *There can be no assurance that: (i) the risk assessment questionnaire will provide sufficient information for INclusive's systems to generate an Expected Risk/Reward Selection consistent with your responses to such questionnaire; (ii) INclusive's algorithms will correctly interpret the limited information gathered by the risk assessment questionnaire in order to identify your portfolio objectives and recommend an Expected Risk/Reward Selection; or (iii) INclusive's portfolio balancing and rebalancing algorithms will in fact successfully identify ETF portfolios consistent with the Expected Risk/Reward Selection, as may change from time to time, made for the Account.*
- The risk assessment questionnaire features a series of "getting to know you" questions. These questions focus on the investor's age, employment status, investment experience, motivation and time horizon for investing, personal risk profile and behavior during periods of market volatility. Once a client opens an INclusive Account, the INclusive Program will: (i) create a portfolio of ETFs intended to reflect the client's Expected Risk/Reward Selection; (ii) rebalance that portfolio as market conditions change; and (iii) reinvest the dividends paid on the ETFs included in the Account.
- Clients can only update their respective Expected Risk/Reward Selections once in any given business day between 9:00 a.m. and 4:00 p.m. Eastern Time. Subsequent Expected Risk/Reward Selection changes made during the same business day may either be refused or entered the following day at INclusive's discretion.
- In making the Expected Risk/Reward Selection, clients will have access through the Website to an "investment analysis tool" made available by INclusive and which indicates — on an entirely simulated basis — the effects (based on historical price movements) of selecting different expected annualized volatility levels for each of the Strategies.

For additional information regarding the “investment analysis tool,” please refer to Item 8 *Methods of Analysis, Investment Strategies and Risk of Loss—Operational, Structural and Regulatory Risks—The Website’s Investment Analysis Tool* below.

#### *The Interactive Brokerage Account*

- Simultaneously with opening an INclusive Account, clients may use the Website to “link” through to [www.interactivebrokers.com](http://www.interactivebrokers.com), the website operated by Interactive Brokers LLC (“Interactive Brokers”), a “broker-dealer” registered with the SEC, in order to open the securities brokerage account to be managed by INclusive. By executing a brokerage agreement (“Interactive Brokerage Agreement”) with Interactive Brokers, the client will establish such account (an “Interactive Brokerage Account”), which must be traded exclusively pursuant to the INclusive Program. Currently, only Interactive Brokers is accepted as a broker-dealer for INclusive Accounts, and the Interactive Brokerage Account must be opened before INclusive can make any investments on behalf of the client’s Account. INclusive may add other brokerage firms over time, but there can be no assurance as to if and when INclusive will do so.
- INclusive and Interactive Brokers are not affiliated in any way. *The INclusive Account and the Interactive Brokerage Account are legally and entirely separate from each other.*
- Once the client opens the Interactive Brokerage Account, INclusive will execute the trades through trading signals generated by the INclusive Program and transmitted electronically to Interactive Brokers for the client’s Interactive Brokerage Account.
- Clients can deposit or withdraw funds directly to or from their Interactive Brokerage Account through the Website. Funds flow to and from the client’s personal bank account which will be linked to the Interactive Brokerage Account.
- Clients can access their Accounts through the Website or mobile app. All client Account information, including Account balance, portfolio performance, positions and transaction history is available to the client on both platforms.
- Interactive Brokers is the custodian for all Account assets. INclusive itself cannot by law, and will not, have custody of any client Account assets.

#### Terminating Accounts

- A client may terminate the Terms and Conditions (and with it such client’s INclusive Account and Website access) at any time. Upon termination of the INclusive Account, INclusive will liquidate the assets in the Interactive Brokerage Account, and the client will no longer have access to the Interactive Brokerage Account through the Website. The client may, however, access their Interactive Brokerage Account as the client has agreed with Interactive Brokers.

- INclusive reserves the right, in its sole discretion, to terminate the Terms and Conditions with a client upon 30 days' notice and may choose to terminate an Account maintained at or below the Account minimum for any significant period of time, as we cannot efficiently or profitably manage such small Accounts indefinitely.
- All matters relating to the termination of a client's Interactive Brokerage Account are solely between the client and Interactive Brokers.
- Terminating the Interactive Brokerage Account "automatically" terminates the corresponding INclusive Account.

### Dividend Reinvestments

Certain of the ETFs among which the INclusive Program will allocate and reallocate client capital may pay dividends (which are taxable to the client). Each client acknowledges and agrees that INclusive will reinvest all such dividends in the applicable ETFs. Such dividend reinvestments will incur transaction costs.

### Regulatory Assets Under Management

As of December 31, 2019, INclusive has regulatory assets under management of \$638,316 on a discretionary basis. INclusive has no regulatory assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### INclusive's Management Fees

INclusive charges different management fees (the "Management Fees") and sets a different minimum account balance requirement for each Strategy:

- Our GAA Strategy assesses a 0.5% (of average daily value) annual Management Fee and has a minimum Account balance requirement of \$2,000.
- Our GAA Plus Alpha Strategy assesses a 1.25% (of average daily value) annual Management Fee and has a minimum Account balance requirement of \$5,000.

Clients agree to have INclusive's Management Fees deducted from their Interactive Brokerage Accounts. A client will authorize Interactive Brokers to calculate and debit the Client's Interactive Brokerage Account for the Management Fees, remitting them directly to INclusive. Management Fees are calculated daily using the end-of-day value of the client's Interactive Brokerage Account and deducted on a daily basis.

INclusive believes that its Management Fees are reasonable in relation to the (i) advisory services it provides under the Terms and Conditions and (ii) fees charged by other investment advisers offering similar programs, although a number of advisers offering similar programs charge less.

### Additional Fees and Expenses

The Management Fees that clients pay to INclusive are separate and distinct from the fees and expenses: (i) Interactive Brokers charges clients as brokerage customers; and (ii) ETFs charge their investors (including the clients).

All of the brokerage and other costs of trading, opening and maintaining an Interactive Brokerage Account will be agreed upon separately between the client and Interactive Brokers and (again) are in addition to the Management Fees. Each Client should note that frequent switches in Expected Risk/Reward Selections by such Client will result in higher brokerage costs being generated in a client's Interactive Brokerage Account.

Costs related to an ETF will generally include an annual management fee expected to range generally from 0.0% (of average daily value) to 0.75% (of average daily value) and other expenses as set forth in each ETF's prospectus, which will be posted on the Website. The Management Fees payable to INclusive combined with the fees and expenses payable in connection with investments in the ETFs result in two levels (a "layering") of advisory fees and greater expenses than would be associated with a direct investment in the ETFs.

*Clients should review all the fees charged by INclusive, Interactive Brokers, the ETFs and other relevant parties, as applicable, in order to understand fully the overall fees and expenses to which their Accounts will be subject.*

INclusive receives no payments from Interactive Brokers or from the ETFs with respect to any Account.

Clients participating in the GAA Plus Alpha Strategy are further directed to the disclosures included in the Terms and Conditions and the Interactive Brokerage Agreement and other applicable disclosures regarding the additional costs involved in "short" selling ETFs, as well as the financing costs incurred in trading ETFs with leverage.

### Additional Compensation and Conflicts of Interest

No Supervised Persons (as defined under Item 11 *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* below) of the Firm may accept direct compensation for the sale of securities or other investment products.

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

INclusive does not charge performance-based compensation. However, INclusive shares its office and personnel with Aspetuck, which both advises clients that pay performance-based compensation as well as manages proprietary accounts for itself and related parties (see Item 4 *Advisory Business* above). Accordingly, certain conflicts of interest may develop as a result of INclusive and Aspetuck using the same limited resources to manage Aspetuck clients' accounts that are subject to performance-based compensation and INclusive Accounts that are not (as well with respect to the proprietary accounts managed by Aspetuck).

In managing both GAA Strategy and GAA Plus Alpha Strategy Accounts, INclusive may have financial incentives to favor recommending to clients the GAA Plus Alpha Strategy Accounts which pay a higher Management Fee than Accounts that implement the GAA Strategy.

While INclusive cannot eliminate conflicts entirely, the Firm attempts to mitigate conflicts in several ways. INclusive's Strategies focus exclusively on the trading of ETFs, while Aspetuck generally trades futures contracts. Moreover, Aspetuck is prohibited from trading in any of the ETFs that are included in, or could be appropriate for, the INclusive Program. Consequently, the two advisers do not anticipate that their clients will compete for investment opportunities.

INclusive and Aspetuck have adopted policies and procedures governing the identification, assessment and monitoring of conflicts of interest on an ongoing basis. In addition, members of INclusive's and Aspetuck's senior management will routinely consult with one another and the Board for the purpose of identifying and eliminating, or taking steps to disclose and mitigate, conflicts, as they arise. The Board, on behalf of INclusive, will regularly review the conflicts involved in INclusive contemporaneously managing GAA Strategy and GAA Plus Alpha Strategy Accounts, which, as noted above, are subject to different Management Fee levels. For additional information regarding the relationship between INclusive and Aspetuck, including regarding conflicts of interest, please refer to Item 10 *Other Financial Industry Activities and Affiliations* below. For additional information regarding the conflicts involved in the side-by-side management of Accounts with different fee structures, please refer to Item 11 *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Conflicts Related to Management of Different INclusive Accounts* below.

## **Item 7     Types of Clients**

The Firm intends to provide digital investment advisory services to separately managed accounts of primarily retail and high net worth individuals, including their retirement accounts (*e.g.*, IRAs), as described in Item 4 *Advisory Business* above.

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

### Methods of Analysis

The INclusive Program and its algorithms are based on "Modern Portfolio Theory," which, in turn, is based on the concept that the risk/reward profile of a portfolio's individual components must, in order to generate an "efficient portfolio," be complemented by an analysis of such components in light of the overall diversification of the portfolio. The objective of Modern Portfolio Theory is to construct a portfolio which has above-average profit potential due to the enhanced profit potential (and attendant risk) of each or many of its components while, by diversifying among non-correlated assets, limiting total portfolio risk to less than the sum of risk of each of its individual components. Even components that on a stand-alone basis exhibit an unacceptably high degree of risk have the potential to produce substantial returns at a controlled level of portfolio risk when combined with other generally non-correlated components (based on past price histories).

*Modern Portfolio Theory is subject to a number of material inherent limitations, including the risk that, in certain market conditions, historically non-correlated assets will become highly positively*

*correlated, resulting in the diversification of the portfolio actually increasing, rather than controlling, risk and loss; see Risk of Loss—Modern Portfolio Theory and Its Risks below.*

The INclusive Program operates almost exclusively through the use of algorithms, which: (i) are an integral part of the INclusive portfolio construction process; (ii) are based on quantitative mathematical modeling; (iii) monitor and rebalance the portfolios; and (iv) control the trade signaling that implements investments on a client's behalf.

INclusive's algorithms monitor positions and attempt to keep the asset allocation in a portfolio generally aligned with the client's investment objectives as reflected in the client's Expected Risk/Reward Selection. For example, if equity markets rally and result in a portfolio overweight in equities in light of their expected correlation with other market sectors, INclusive's algorithms may suggest a reduction in equity ETFs positions to bring the portfolio back in line with the Expected Risk/Reward Selection.

The underlying quantitative mathematical models on which INclusive's algorithms are based: (i) evaluate large amounts of real-time and historical financial and other data; (ii) attempt to analyze patterns inferred from past prices, volatility, correlations, etc.; and (iii) generate asset allocations intended to be representative of different Expected Risk/Reward Selections.

There can be no assurance that the historical data used in the algorithms will, in fact, be effective in reflecting the Expected Risk/Reward Selection under the market conditions prevailing from time to time. Structural market changes, new populations of market participants, technological and trading advances and numerous other factors may materially reduce or eliminate the potential for quantitative mathematical models based on price histories to invest successfully in current markets. If past price history is no longer reliably (if only approximately) indicative of current market movements, INclusive's algorithmic method of analysis is unlikely to be successful.

INclusive's method of analysis is almost wholly systematic; INclusive will not override or otherwise interfere with the implementation of its algorithms or override any of the trading signals they generate; the INclusive Program is fully computerized in this respect. However, INclusive may exercise very limited discretion in determining when to transmit certain of such trading signals to Interactive Brokers for execution. Although INclusive is under no obligation whatsoever to do so, INclusive may elect to delay transmitting certain or all trading signals during periods when INclusive perceives there to be unusual market volatility or instability, excessively "fast" markets, insufficient liquidity, price instability, as well as for other reasons. Additionally, during times of extreme market dislocation, INclusive reserves the right to reduce or even liquidate client portfolios in its sole discretion. Any of the foregoing discretionary actions by INclusive could have a material adverse effect on an INclusive Account over time.

*INclusive will not delay transmitting orders or liquidate a client portfolio due to INclusive's views as to whether the markets represented by ETF portfolios created by the INclusive Program are likely to increase or decrease in value, but only in the event of the type of "aberrational" market conditions referred to above. INclusive does not purport to have any expertise or qualifications in making any sort of market or market timing judgment.*

## Investment Strategies

For information regarding the Strategies, please refer to Item 4 *Advisory Business* above.

### Risk of Loss

***An INclusive investment is speculative, involves the risk of loss, is not intended as a complete investment program and is suitable only for clients who fully understand the financial risks of loss. This is a risk that all INclusive Program clients should be prepared to bear. There are no assurances that the INclusive Program investment objectives will be achieved, from either a risk control or profit potential perspective. INclusive has no actual operating history, and past performance — especially past performance as indicated solely by simulated results — is not necessarily indicative, or even representative, of future results. Investors must be prepared to lose all or substantially all of their investment (and possibly more than they invest, if they select the GAA Plus Alpha Strategy).***

***Especially given the proprietary and highly systematic nature of the INclusive Program, it is not feasible to describe all of the risks involved in opening an INclusive Account. If you invest with INclusive, you will be committing capital to a “black box” trading system, trading only in ETFs, in limited markets and with INclusive’s limited resources.***

The identification of ETF allocations consistent with clients’ Expected Risk/Reward Selection (which itself may be “misfitted” to a client’s portfolio objectives by the INclusive Program) is difficult and involves a significant degree of uncertainty. Returns generated from the INclusive Program’s asset allocations may not adequately compensate a client for the business and financial risks assumed. Also, certain trading techniques expected to be used by the GAA Plus Alpha Strategy, such as leverage and short positions, increase the investment risk for Accounts following that Strategy. Clients should carefully read the risks and conflicts described herein and in the Terms and Conditions before deciding whether to make an investment with INclusive.

Additionally, Accounts will be subject to all of the risks of any securities trading strategy — including the bankruptcy of brokers and custodians, illiquidity and misvaluation, mismanagement, fraud and market suspension. The nature of the INclusive Program in no respect mitigates the fundamental risks of securities investing.

The INclusive Program may not be a suitable investment for many investors. The following summarizes certain specific risk factors but does not purport to be a comprehensive listing of all the risks involved in an investment with INclusive or an adequate summary even of those risks which are mentioned.

#### *“Start-Up” Risk*

Irrespective of the investment risk of placing capital under the asset allocation systems of the INclusive Program, clients are subject to material “start-up” risk.

*Competition.* There are a number of long and well-established “robo-advisor” businesses operating in INclusive’s market sector, a number of which have resources substantially beyond those which INclusive can reasonably expect to have at any time in the foreseeable future. Certain

of these “robo-advisors” offer services — for example systematic “tax reduction” programs, as well as personalized financial advice — which INclusive does not. In addition, with the increasing ascendancy of the computer and the internet, numerous new “robo-advisors” are being, and have recently been, formed. Prospective clients should carefully consider not just an investment in INclusive evaluated on a stand-alone basis, but also in comparison to its actual and aspirational competitors. Although there are, of course, differences among the algorithms implemented by different “robo-advisors,” the systematic approaches of the “asset allocation,” as opposed to the “stock picking,” “robo-advisors” are in many respects similar.

The INclusive Program may, in fact, be successful (although there can be no assurance that this will be the case), but INclusive may fail as a business, forcing the premature termination of the INclusive Accounts before the INclusive Program has had a realistic opportunity to achieve its objectives.

### *General Market Risks*

*General.* The Strategies are subject to numerous dimensions of market risk, including directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, “flights to quality,” “credit squeezes” (which are particularly applicable to the GAA Plus Alpha Strategy due to the leverage it uses), etc. The Strategies are in no respect complete investment programs, but rather are limited to making general asset allocations among a limited group of market sectors (not individual companies or assets); moreover, despite their exclusive focus on general sector allocations rather than specific individual investments, the Strategies may be no less speculative than traditional investing strategies. Either or both Strategies may from time to time incur sudden and dramatic losses. The particular or general types of market conditions in which the INclusive Program may be unsuccessful cannot be predicted, and the INclusive Program — whichever Expected Risk/Reward Selection is implemented for an Account — may materially underperform other investment programs with substantially similar asset allocation objectives and approaches.

*Volatility.* The prices of the ETFs to be traded by the INclusive Program have been subject to periods of excessive volatility in the past, and such periods can be expected to recur. Over time, greater volatility may lower the expected return on a portfolio due to the compounding effect of periods of negative returns. Price movements (including those of the market sectors traded by INclusive, as well as of individual securities and assets) are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements, commodities prices (and related supply and demand), event probability, consumer confidence levels, credit spreads, and general economic and political conditions. In the case of the INclusive Program, market volatility creates the risk that historical or theoretical pricing relationships will be disrupted, causing what should otherwise be comparatively low-risk asset allocation portfolio — based on the historical price levels analyzed by the INclusive algorithms — to incur significant losses. On the other hand, a lack of volatility can also result in losses for certain of the INclusive Program’s asset allocation portfolios that are expected to profit from price movements. The Strategies do not employ hedging techniques, and the GAA Plus Alpha Strategy employs leverage and short-selling, both of which may lead to increased portfolio volatility.



*Financing Arrangements; Availability of Credit.* The GAA Plus Alpha Strategy utilizes leverage, and, in implementing that Strategy, INclusive will depend on the availability of credit. The use of leverage may involve material interest expense, fees and transaction costs. Financing arrangements are likely to permit the lenders to effectively require that the financing arrangements be materially deleveraged or terminated, and there can be no assurance that INclusive would be able to find suitable replacement financing arrangements. As a general matter, the banks and dealers that provide financing to INclusive can apply essentially discretionary margin, haircut, security and collateral valuation policies. Changes by banks and dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in large margin calls, loss of financing and forced liquidation of positions at disadvantageous prices. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time.

*Modern Portfolio Theory and Its Risks.* Modern Portfolio Theory has been popular, if not prevalent, in the financial advisory sector for generations. However, its assumptions are not accurate in all circumstances. For example, price volatility is the proxy for risk used by Modern Portfolio Theory, but volatility is only one dimension of risk. There are many instances of strategies that exhibit very low volatility for a number of years and then suddenly incur dramatic losses — a characteristic particularly applicable to leveraged strategies (e.g., the GAA Plus Alpha Strategy) due to the possibility that the borrowing necessary to implement such strategies will suddenly become unavailable, causing forced portfolio liquidations and massive losses (the “risk of ruin”). In addition, diversification does not always reduce risk; on the contrary, in disrupted markets, whole market sectors often move lower as a group, with the typical non-correlation among different sectors reversing into a strong positive correlation — actually increasing, not reducing, risk. Furthermore, there are systemic risks — recessions, hyperinflation, interest rate increases, etc. — which diversification has little effect in controlling.

An essential aspect of Modern Portfolio Theory is the concept that in order to “beat the market,” one needs to take above-average risk, a level of risk which can ordinarily be mitigated by diversification without sacrificing the entire incremental profit potential generated by the above-average risk of specific portfolio components. However, from time to time, the above-average risk of the portfolio components will have its effect and substantial losses will be incurred.

*ETFs.* The INclusive Program invests only in ETFs. There are a number of potentially material disadvantages to ETF trading, and particularly to being limited exclusively to ETFs. ETFs are widely used as a means of allocating and reallocating market sector exposures. However, they are subject to a number of potentially material structural disadvantages, including, but not limited to, the following:

- **Turnover; Trading Costs:** ETFs are bought and sold like stock and priced throughout the trading day, while mutual funds (another efficient means of gaining market sector exposure) are typically priced only at the close of business on a net asset value basis. The trading costs (primarily brokerage commissions) of ETFs can rapidly accumulate, especially if an investor is an active ETF trader (which the INclusive Program may be under certain market conditions). Changes to your Expected Risk/Reward Selection may require a number of trades in the underlying ETFs held for your INclusive

Account. Volatility also may increase the INclusive Program's reallocations among ETFs and the related trading costs. Over time, the routine costs of the INclusive Program, as well as the costs associated with implementing changes to your Expected Risk/Reward Selection, could materially diminish returns.

- **Concentration and Volatility Risk:** ETFs, which contain multiple positions, are more diversified than single stocks. Diversification is generally thought to reduce exposure to market volatility. However, to the extent that an ETF's portfolio is concentrated in the securities of issuers in a particular region, market, industry, group of industries, country, group of countries or asset class, such ETF will not, in fact, be broadly diversified and will, accordingly, be subject to increased risk. Many of the ETFs included in the INclusive Program are, in fact, concentrated in specific and limited market sectors.
- **Illiquidity:** One of the greatest advantages of ETFs is their perceived liquidity, including on an intraday basis. However, the market for certain ETFs may from time to time exhibit limited or erratic liquidity. During periods of illiquidity, not only is there a risk that INclusive will not be able to execute the trades indicated by the INclusive Program (at least on a timely basis), but also that the bid-ask spreads on such transactions will be inordinately large. Lack of liquidity can make it economically infeasible for the INclusive Program to implement its asset allocations, causing material divergences between an INclusive Account's ETF portfolio and Expected Risk/Reward Level.
- **Capital Gains:** Certain ETFs distribute capital gains to investors. U.S.-taxable investors will be subject to tax on such dividends. In addition, the INclusive Program requires the reinvestment of all ETFs dividends in the ETFs which declare such dividends, potentially at an increased price and certainly incurring additional brokerage costs.
- **Passive Investment Risk:** Certain ETFs, including many (if not all) in the INclusive Program, are not actively managed and consequently will directly reflect a general decline in market sectors relating to their respective indices without any of the potentially mitigating effects of hedging or reducing all or part of a portfolio to cash. Such ETFs typically invest in securities included in, or representative of, their respective indices regardless of their investment merits and do not attempt to take defensive positions in declining markets.
- **Tracking Error Risk:** Imperfect correlation between a passively managed ETF's portfolio securities and those in its index, rounding of prices, the timing of cash flows, the ETF's size, changes to the index and regulatory requirements may cause "tracking error" — the divergence of an ETF's performance from that of its underlying index. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also results when an ETF incurs fees and expenses while its underlying index does not.

- “Representative Sampling” Risk: “Representative sampling” is a method of indexing that involves investing in a representative sample of securities that collectively have a similar investment profile to a given index and resemble the index in terms of risk factors and other key characteristics. An ETF may or may not hold every security in the index it is designed to replicate. When an ETF deviates from a full replication indexing strategy and utilizes a representative sampling strategy, the ETF is subject to the risk of material tracking error, in that the securities selected in the aggregate for the ETF may not have an investment profile sufficiently similar to those of its index.
- Shares of an ETF May Trade at Prices Other Than Net Asset Value: Shares of an ETF trade on exchanges at prices above or below their most recent net asset value. The per share net asset value of an ETF is calculated at the end of each business day and fluctuates with changes in the market value of the ETF’s holdings since the most recent calculation. The trading prices of an ETF’s shares fluctuate continuously throughout trading hours based on market supply and demand rather than net asset value. The trading prices of an ETF’s shares may deviate significantly from net asset value during certain periods. While ETFs are designed to make it likely that an ETF’s shares normally trade on exchanges at prices close to the ETF’s next calculated net asset value, exchange prices generally do not correlate exactly with an ETF’s net asset value due to timing reasons, as well as market supply and demand factors. If the INclusive Program allocates capital to an ETF at a time when the market price is at a premium to the net asset value or orders shares of an ETF to be sold at a time when the market price is at a discount to the net asset value, you may sustain immediate losses.

In addition to the risks and disadvantages applicable to all ETFs, the INclusive Program itself is subject to a number of potentially material structural disadvantages, including, but not limited to, the following:

- No Leveraged ETFs: Some ETFs are themselves leveraged. These ETFs involve materially greater risks than do the unleveraged ETFs in which INclusive trades exclusively; disruptions in the leveraged ETF markets can, however, cause significant “collateral damage” in the markets for INclusive’s unleveraged ETFs.
- One ETF per Market Sector: In many cases there are a variety of ETFs available which attempt to replicate the same market sector or benchmark. The INclusive Program incorporates a single ETF for each market sector or benchmark; such ETF may underperform other equally available and generally comparable ETFs.
- Overlap of ETF Portfolios: In selecting ETFs for the INclusive Program, INclusive treats each ETF as separate and distinct for purposes of market sector representation. However, certain securities may fall within multiple market sectors. Accordingly, the portfolios of ETFs in the INclusive Program may partially overlap with respect to certain underlying securities, mitigating the diversification achieved by allocating investments among such ETFs as if they were entirely separate market exposures.
- No CFTC Jurisdictional ETFs: The Commodity Futures Trading Commission (the “CFTC”) regulates ETFs based on futures prices as “commodity interests.” INclusive

is not registered with the CFTC and, therefore, the INclusive Program does not include ETFs that fall under the CFTC's jurisdiction, as do most commodity sector ETFs. This limitation materially restricts the commodity market exposure of the INclusive Program. In certain circumstances, the inability of the INclusive Program to include CFTC-regulated ETFs could limit the INclusive Program's ability to achieve its objectives.

- **Lump-Sum vs. Dollar-Cost Averaging:** Some traders build positions in increments — buying, for example, approximately 1/10 of a total trade over a period of 10 consecutive months. There is the perception that dollar-cost averaging protects investors against the price risk of, in the above example, making a single purchase on a given date (when prices may be somewhat aberrational). In buying ETFs, however, dollar-cost averaging is expensive because each trade required to build a position incurs materially increased brokerage commissions. In order to avoid such brokerage commissions, the INclusive Program will generally execute lump-sum trades. Although such lump-sum trades may reduce trading costs, they may also increase valuation risk.
- **No Ability to Exclude ETFs:** You will have no ability to exclude any ETF from the INclusive Program as implemented for your INclusive Account.

#### *Risks Specific to the GAA Plus Alpha Strategy*

- **Use of Leverage:** INclusive uses leverage in the GAA Plus Alpha Strategy, holding gross positions totaling as much as 2X of an Account's total portfolio assets. Leverage not only involves increased risk of loss, but also increased transaction costs, as well as financing expenses. Accounts pursuing the GAA Plus Alpha Strategy use money borrowed from Interactive Brokers to finance a portion of the Account's investments. Such Accounts are subject to initial margin requirements and ongoing maintenance margin requirements (to maintain a minimum level of equity in the margin account in light of price movements in the securities in question). When the value of the Account's investments falls below the minimum margin, the Account is subject to margin calls, and the client must either deposit more money in the Account or be subject to liquidation of assets in the Account or eliminate the margin requirement.
- **Short Positions.** The GAA Plus Alpha Strategy may take both "long" and "short" positions. The strategy will take "long" positions in markets believing that they will rise; conversely, the portfolio may take "short" positions in certain markets believing that those markets will fall or decrease in value. While the GAA Plus Alpha Strategy has the potential to generate positive returns in either rising or falling markets, short positions involve significant transaction costs and are subject to the risk of unlimited loss. Short sales may only be implemented to the extent that the stock being sold "short" is available for borrowing (which borrowing incurs its own costs) and are required to be executed at a price above the National Best Bid if the price of stock in question has decreased 10% below the prior day's closing price. Short sale positions may be prematurely closed out if the stock lender calls back the stock subject to the short sale, and such positions are subject to margin calls in the event of a sufficient increase in the price of the securities sold short, and accordingly in the unrealized loss

on such positions held by an INclusive Account. In addition to incurring borrowing costs, short selling may require the borrower to post significant amounts of daily marked-to-market margin and in the event of a rise in the price of the security sold short, could result in liquidation of other assets in the client's margin account.

A client could incur losses on a GAA Plus Alpha Strategy Account in excess of the capital committed to the Account. The GAA Strategy does not take short positions.

#### *Operational, Structural and Regulatory Risks*

*Divergence Between the Performance of the INclusive Account and the INclusive Asset Allocation Models.* The actual performance of the INclusive Account could differ significantly from the performance of a passive index reflecting the INclusive Program's implementation of the Account's Expected Risk/Reward Selection. This divergence may result from: (i) the timing of deposits and withdrawals; (ii) a client's revisions to their Expected Risk/Reward Selection; (iii) the timing of the cash flows into and out of the Interactive Brokerage Account; (iv) equipment or software breakdown or failure; (v) the reinvestment of dividends (if any); and/or (vi) other causes. INclusive assumes no responsibility for such divergence, which is an inherent aspect of opening an INclusive Account.

*Asset Allocation Only.* The INclusive Program is limited to asset allocation among different market sector proxies (ETFs). INclusive does not, and has no ability to, select individual securities or attempt to "time" its asset allocations to reflect expected short-term market movements, nor does INclusive have any ability to evaluate how representative a given ETF may be of the applicable market sector or how well (or otherwise) any ETF is managed. Not only may active asset allocation in general not be successful (or no more so than simply maintaining a static portfolio allocation) for one or more of a number of reasons — including, *e.g.*, changes in historical pricing relationships among the market sectors represented by the ETFs included in the INclusive Program — but also the selection of specific positions in a given sector may far outperform the applicable market sector ETFs. In disrupted markets, a wide range of different market sectors tend to incur highly correlated and severe losses, eliminating the benefits of diversification among sectors (a primary premise of asset allocation as a means of controlling risk), whereas particular securities in a given sector may substantially outperform such sector.

*No Consideration of Taxes.* The INclusive Program does not incorporate any functionality — as do certain other robo-advisor platforms — which has the capability of attempting to reduce the tax burden from the transactions executed in the Account (*e.g.*, attempting to implement the INclusive Program to perform "tax-loss harvesting" or in a manner which generates more "long-term capital gains" than "ordinary income" or "short-term capital gain"). The Program's allocations of capital among ETFs are made solely on the basis of the INclusive computerized systems which are tax-indifferent.

*Trading Volume.* The limited markets in which the INclusive Program trades are heavily traded. The higher the trading volume, the more likelihood of increased bid-ask spreads, trading volume itself having a significant effect upon prices, unfilled orders and trading errors.

*Quantitative, Model-Based Trading and Execution.* A primary risk of quantitative model-based trading is a poorly designed trading system. A trading system can be poorly designed for several reasons, including being overly retrofitted to past market prices, based on unrealistic assumptions, or using inadequate risk controls. There are also technology-related and execution risks. Particularly for automated trading, internet connection speed and losing connectivity can be factors in trade execution. Another risk of execution is slippage, the difference between the price at which a trading order is placed and the price at which the order is filled. If sufficient slippage is not factored in when evaluating a strategy, performance results during live trading may fall below expectations.

*Process Incidents v. Trade Errors.* The INclusive Program trades quantitatively and, due to the speed and volume of transactions entered into, as well as possible errors in computer code, software, hardware and modes of transmission, trades may be executed in error. INclusive defines “trade errors” as errors in executing the trading signals generated by its Strategies including, but not limited to, the following examples: buying rather than selling a particular ETF (and vice versa), buying or selling the wrong ETF or the wrong amount of an ETF or buying or selling an ETF at the wrong price.

INclusive considers errors or other incidents that occur in connection with INclusive’s design, programming or use of models and/or data sources in the investment management process that may negatively impact a client’s portfolio to be “process incidents.” Process incidents are (i) not considered trade errors subject to reimbursement under INclusive’s trade error policy, (ii) analyzed on a case-by-case basis and (iii) subject to INclusive’s standard of liability as specified in the Terms and Conditions (*i.e.*, losses due to process incidents will be reimbursed only to the extent they are due to INclusive’s gross negligence, recklessness or intentional misconduct). Additionally, trade errors are to be distinguished from errors in judgment, due diligence or other factors leading to a trading signal being generated, as well as from unauthorized trading or other improper conduct by INclusive personnel.

Accounts are subject to two “layers” of trade error risk — at the INclusive level, as described above, and at the underlying ETF level with respect to an ETF’s investment in its particular index or market sector. INclusive will have no ability to control, and likely will not even know of, trade errors at the ETF level.

Please see the Terms and Conditions for further details regarding the limitations on INclusive’s liability, including with respect to trade errors.

*Quantitative and Technical Trading Strategies.* The INclusive Program is grounded in and developed through quantitative and technical trading strategies. These trading strategies depend upon various computer and telecommunications technologies and adequate liquidity in the markets traded. The successful execution of these strategies could be severely compromised by, among other things, a diminution in the liquidity of the markets, telecommunications failures, power loss and software-related “system crashes.”

Technical strategies — and, in particular, robo-advisors — rely on information intrinsic to the market itself to determine trades, such as prices, price patterns, momentum, volume and volatility. There has been, in recent years, a substantial increase in interest in technical trading systems

similar to the INclusive Program. As the capital under the management of trading systems based on the same general principles increases, an increasing number of traders may attempt to initiate or liquidate substantial positions at or about the same time as the INclusive Program, or otherwise alter historical trading patterns or affect the execution of trades, to the significant detriment of the INclusive Program.

Robo-advisor asset allocation systems may share certain common characteristics, increasing the risks of “crowding” and price distortions in the markets in which these systems trade.

There are periods when even an otherwise highly successful quantitative and/or technical trading system incurs major losses due to external factors dominating the market, such as political events, exogenous business events, natural catastrophes, acts of war or terrorism. The INclusive Program’s Strategies are particularly vulnerable to factors exogenous to the markets themselves, as these factors are not incorporated into INclusive’s models.

Transaction costs incurred by quantitative and/or technical trading strategies can be significant. Also, quantitative trading and/or technical strategies may suffer material losses in a very short period of time by continuing to apply their models which have, in such instances, become temporarily unrepresentative of actual market conditions.

*System Errors and Detection.* Systematic models are subject to their own particular risks, including, but not limited to, system errors and malfunctions. Furthermore, because INclusive’s models only allocate among a small group of ETFs representing broad market sectors and, therefore, among a much more limited number of “portfolio objects” than are incorporated into many other systematic advisory strategies, INclusive has much more limited data on which to evaluate possible errors in the INclusive Program. It may take a considerable period of time before INclusive is able to perceive that its formulae are not achieving the outcomes for which they were developed. It can be very difficult to detect or determine when software is not performing as intended, and substantial losses can be incurred in the meantime.

*Model Risk.* The INclusive Program is highly dependent on quantitatively informed pricing theories and valuation models that generally have not been independently tested or otherwise reviewed.

*Model Development.* The INclusive Program’s algorithms employ assumptions that abstract a limited number of variables from complex financial markets or instruments which they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. For example, the INclusive Program’s algorithms may postulate, or their efficacy may depend upon, assumptions regarding the existence of pricing relationships that appear to hold true, or in fact held true in the past, but that may not exist or hold true in the future. INclusive may emphasize the importance of certain variables in the INclusive Program’s algorithms which ultimately are unimportant in predicting future market behavior, or may neglect to incorporate other variables which are determinative. The risk that INclusive may incorrectly analyze and interpret these complex systems in creating the INclusive Program’s algorithms arises both from human error (*e.g.*, the designers of the algorithms using incorrect variables or assigning incorrect importance to the correct variable) as well as systems error (*e.g.*, the computers and other hardware used to create the algorithms may incorrectly interpret data). These risks persist even

after the algorithms are implemented — for example, a programmer may assign incorrect input sensitivity to the variables or the computers running the algorithms may be unable to analyze large amounts of data in real time and therefore may miss asset allocation opportunities. These risks are increased by the iterative nature of the algorithms, which compounds the model error by repeating the algorithms' cycles.

INclusive anticipates the continued modification, enhancement and development of the INclusive Program's algorithms. Each new generation of algorithms (including incremental improvements to current algorithms) exposes the INclusive Program to the possibility of unforeseen losses from a variety of factors, including conceptual and implementation failures.

*Model Inputs.* Inputs into various INclusive Program algorithms may be composed of or derived from data, the accuracy of which have not been independently verified by INclusive or any third party. There can be no assurance that any flaws in such data will be identified and corrected.

Inputs to the algorithms may be incorrect due to exogenous market factors (*e.g.*, unexpected terrorist events) or the actions of other market participants. For example, other quantitative traders may take actions designed to manipulate market data or trading patterns. The risk of incorrect inputs is present not only when a properly designed algorithm is presented with incorrect inputs, but also when an algorithm is designed using incorrect inputs, in which case it will not function correctly when later presented with correct inputs.

*Risk Management Systems.* INclusive's risk management techniques and strategies will not control the INclusive Program's risk exposure in all economic or market environments, or protect against all types of risk; indeed, there may be material risks that INclusive and/or the INclusive Program might fail to identify or anticipate.

*Single Broker-Dealer.* As a "start-up" operation, the INclusive Program is, at least initially, limited to the use of a single broker-dealer, Interactive Brokers. Consequently, INclusive may be unable to achieve the most favorable execution of client transactions. In addition, the INclusive Accounts will be subject to risk of Interactive Brokers' financial and operational stability.

*Modifications to the INclusive Program.* INclusive may modify the INclusive Program without approval by or notice to you or other investors. Modifications may include changes in or substitution of technical trading systems, risk control models, money management principles and markets traded. The INclusive Program is proprietary and confidential. There can be no assurance as to the effects, positive or negative, of any modification to the INclusive Program on the INclusive Program's performance.

*Business Continuity.* A disturbance in the infrastructure that supports the INclusive Program (including one involving electronic communications or other services used by it or third parties with whom it conducts business) may have a material adverse effect on INclusive's ability to continue to operate the business without interruption. There can be no assurance that any backup or contingency measures will be sufficient to mitigate the harm that may result from such a disaster or infrastructure disruption or avoid losses, including total losses.

*Portfolio Composition.* From time to time, the actual composition of an investor's portfolio may differ materially from the "standard" portfolio for the applicable Expected Risk/Reward Selection



due to (among other things): (i) the “ramp-up” period immediately following the creation of the INclusive Account, during which the portfolio is being assembled; (ii) a “time lag” between changes to an investor’s Expected Risk/Reward Selection and the implementation of such changes by the INclusive Program; (iii) technological errors; (iv) stoppages or delays in trading; and/or (v) the timing of withdrawals from and deposits into the Interactive Brokerage Account.

*Cybersecurity Risk.* INclusive and its service providers (including Interactive Brokers), counterparties and electronic communication networks are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks, and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. INclusive’s hardware and software systems are subject to threats from hackers and others, such as a malicious attack, malware or other event that leads to unanticipated interruption or malfunction of such systems. Any interruption of INclusive’s hardware or software functionality could lead to material or even complete losses of investments. Hackers could also theoretically access and steal INclusive’s research, algorithms, trading programs or other software or data and implement such programs or software on their own behalf. This could lead to increased competition for, or elimination of, the investment opportunities sought by the INclusive Program or otherwise render the INclusive Program obsolete, possibly resulting in material or complete losses of investments.

In addition, investors could be exposed to additional losses as a result of unauthorized use of their personal information. While INclusive has established policies, a business continuity plan and systems designed to prevent or at least mitigate the effect of cyber-attacks, there are inherent limitations in all such plans and systems, including the possibility that certain risks have not been identified or that such measures may become outdated, incomplete or ineffective. In addition, such measures cannot adequately protect against potentially vulnerable or unexpectedly hostile employees, who may have extensive access to INclusive’s technology infrastructure and may inappropriately convert information or property, with or without the awareness of INclusive.

*Third-Party Computer Hardware and Software.* Certain components of INclusive’s critical computer hardware and software may be leased rather than owned, or may be provided in whole or in part by another party. If these components fail or are inaccessible, INclusive may not be able to recover promptly, and the INclusive Program may suffer material or total losses as a result.

*Lack of Regulatory Oversight.* None of the CFTC, NFA, SEC or any other regulatory or self-regulatory body has approved or disapproved, or passed upon the accuracy or adequacy of, the Website, the INclusive Program, our Privacy Policy or the Terms and Conditions.

The INclusive Program itself is not regulated in any respect as, for example, would be a “mutual fund” or other form of “registered investment company” implementing an asset allocation program similar to INclusive’s.

The INclusive Program will operate on a day-to-day basis without any significant third-party oversight or regulation.

*Increased Regulatory Scrutiny of the Quantitative Trading Industry.* Electronic, automated and algorithmic trading strategies continue to be the focus of extensive regulatory scrutiny by federal, state and foreign regulators, self-regulatory organizations, the media and others; such scrutiny is likely to continue if not intensify. Due to the algorithmic nature of the Strategies and “low cost provider” premise of the “robo-advisor” business model, the INclusive Program may be particularly sensitive to certain changes in regulation. Any such change could materially negatively affect INclusive, making it impractical to implement the INclusive Program and/or resulting in material, or even total, losses (especially if INclusive Accounts are forced to be prematurely terminated).

There are major long-standing investment advisory firms that may perceive “robo-advisors” as a threat to their business models and market share and, accordingly, encourage restrictive regulation of the sector.

It is possible that INclusive itself — as opposed to the “robo-advisor” sector in general — could come under regulatory scrutiny, which may cause it to cease or materially alter operations or require it to devote substantial financial and personal resources to address such scrutiny, even if no adverse regulatory action is taken. The “fall-out” of any regulatory proceeding (formal or informal) involving INclusive could be increased regulatory attention to its activities on an ongoing basis and consequently materially increased costs and expenses related to the operation of the INclusive Program, both of which could negatively affect the business and financial condition of INclusive and the results of the INclusive Program.

The SEC has in recent years indicated its intention to increase oversight and regulation of “robo-advisors” operations. As “robo-advisory” services in general and the INclusive Program in particular are focused on retail investors, the sector is a prime target for enhanced investor protection regulations and legally mandated limitations and restrictions.

*The Website’s Investment Analysis Tool.* The Website contains an “investment analysis tool” which permits clients to see the “Simulated Statistical Information” presenting the hypothetical results of different Expected Risk/Reward Selections. This “investment analysis tool” is intended only to provide some concept of how the INclusive systems are designed to function and is by no means a guarantee that the INclusive Account or any Expected Risk/Reward Selection would have performed as indicated over the periods simulated in the “investment analysis tool” or, much less, will do so in the future. This “investment analysis tool” does not purport to be in any respect comprehensive or complete, and INclusive accepts no responsibility for discrepancies between the performance of the INclusive Account and the “Simulated Statistical Information” generated by the “investment analysis tool.”

The simulated performance information generated by the “investment analysis tool” is based on running the GAA or the GAA Plus Alpha algorithms, as the case may be, against historical pricing data regarding the ETFs. These algorithms adapt — pursuant to INclusive’s proprietary systems — to different indicated expected annualized volatility levels. As a simplistic example, the GAA Strategy might allocate a greater percentage of an account to equities — perceived to be higher risk (expected annualized volatility used as a proxy for risk) as well as higher profit potential — or allocate more of the portfolio’s “risk budget” to several historically correlated but higher return markets — exchanging the risk control benefits of diversification for greater profit potential — the

greater the indicated expected annualized volatility level. Historical price levels are, of course, unchanged, but by changing the weightings of the portfolio based on the historical volatility and correlation of different market sectors in response to the level of expected annualized volatility indicated by the investor the outcome of the overall portfolio is changed as indicated by the results generated by the “investment analysis tool.”

All of this simulated performance information at any expected annualized volatility level is solely hypothetical, no trades are actually executed nor is one expected annualized volatility level in any respect “less hypothetical” than any other. All outcomes generated by the “investment analysis tool” are equally simulated and equally likely to differ from future performance (as well as from what past performance would have been had actual trades been executed by the Strategies). Moreover, the principles (based on the historical price patterns of, and correlations among, different market sectors) underlying the systems incorporated into the INclusive algorithms may not, in fact, be borne out in many market scenarios. It might be, in the above example, that during certain periods the equity markets actually underperform the debt markets, although nevertheless exhibiting higher expected annualized volatility and at the same time being highly positively correlated, rather than non-correlated “as expected” — to movements in debt price levels (increasing portfolio-wide volatility). There have, in fact, been prolonged periods in the timeframe covered by the simulations during which a lower expected annualized volatility application of each of the Strategies actually outperformed a higher expected annualized volatility application — in contradiction of the assumptions underlying the INclusive Program’s allocation models implemented by the Strategies.

- Regulatory agencies strictly limit the use of “investment analysis tools” due to their reliance on simulations and their tendency to oversimplify the actual interplay between various financial parameters and outcomes (*e.g.*, the lower the target expected annualized volatility, the lower the return). A client should not rely on the Website’s “investment analysis tool” as doing anything other than exhibiting the concepts on which the INclusive Program was developed — certainly not as predicting any actual performance.
- Although the “investment analysis tool” is able to generate “Simulated Statistical Information” for a continuous range of different Expected Risk/Reward Selections, as a practical matter it is not possible for INclusive’s models to actually generate more than four or five different portfolios per Allocation Selection which may be held by different client Accounts at any given time. Consequently, in many cases, INclusive will be able only approximately to implement your Expected Risk/Reward Selection.
- The “investment analysis tool” — and the INclusive Program as of which — do not attempt or purport to provide any form of comprehensive financial plan for a client (and in no respect has access to any data concerning, much less takes into account, your assets and liabilities outside the narrow scope of your participation in the INclusive Program).
- THE INCLUSIVE “INVESTMENT ANALYSIS TOOL” SERVES ONLY APPROXIMATELY AND HYPOTHETICALLY TO INDICATE HOW THE DIFFERENT STRATEGY AND EXPECTED ANNUALIZED VOLATILITY

LEVEL WHICH A CLIENT SELECTS FOR AN ACCOUNT AFFECTS THE EXPECTED PERFORMANCE OF THE ACCOUNT.

- THE HYPOTHETICAL RESULTS GENERATED BY THE “INVESTMENT ANALYSIS TOOL” MAY VARY WITH EACH USE AS WELL AS OVER TIME.
- THE “INVESTMENT ANALYSIS TOOL” SHOULD NOT BE CONSIDERED ANY MEANS OF ACTUALLY “FINE TUNING” THE RESULTS OF ANY GIVEN STRATEGY OR EXPECTED ANNUALIZED VOLATILITY LEVEL, BUT SIMPLY AS NO MORE THAN A GRAPHIC DEMONSTRATION OF THE EXPECTED (ALTHOUGH BY NO MEANS NECESSARY) OUTCOME THAT THE HIGHER THE EXPECTED ANNUALIZED VOLATILITY LEVEL AT WHICH A STRATEGY IS APPLIED, THE GREATER ITS RETURN AS WELL AS THE SEVERITY AND DURATION OF ITS “DRAWDOWNS” AND LEVEL OF ITS “RISK OF RUIN.”
- **PROJECTIONS AND OTHER INFORMATION GENERATED BY THE INCLUSIVE “INVESTMENT ANALYSIS TOOL” REGARDING THE LIKELIHOOD OF VARIOUS INVESTMENT OUTCOMES ARE HYPOTHETICAL IN NATURE, DO NOT REFLECT ACTUAL INVESTMENT RESULTS AND ARE NOT GUARANTEES OF FUTURE RESULTS.**

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

The Firm is required to disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of the Firm’s advisory business or the integrity of its management. INclusive has no pertinent disciplinary events to disclose.

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

As noted above under Item 4 *Advisory Business*, INclusive and its affiliate, Aspetuck, share a principal office and place of business as well as personnel. INclusive and Aspetuck also share certain technology, including certain algorithms that each considers proprietary to their co-operative business operation. Because INclusive and Aspetuck share the same personnel, including Dr. Lu, they will compete with each other for such personnel’s limited time and resources. Additionally, Aspetuck abides by INclusive’s compliance program including a common code of ethics and considers, *e.g.*, trade allocation, confidentiality, personal trading policy, the reporting of material non-public information etc. and jointly address conflicts of interest that may arise even though INclusive and Aspetuck serve a different clientele and pursues different strategies in different markets.

Aspetuck has developed a variety of systematic investment strategies. Those strategies may overlap and create potential conflicts, both real and perceived, with the INclusive Program. Further, Aspetuck’s and INclusive’s investment strategies (although focused on different types of instruments) share certain significant similarities, including a reliance on similar, and, in certain cases the same, investment signals. Investment strategies that utilize similar signals could, even though trading in different markets (as do Aspetuck and INclusive), give rise to conflicts involving

one strategy trading ahead of another at favorable prices in a particular market while perhaps adversely affecting the prices at which the other strategy trades positions in a related market.

Although the INclusive and Aspetuck investment strategies may rely on the same investment signals for certain trades, they do not trade the same instruments; INclusive trades ETFs exclusively, while Aspetuck generally trades futures contracts. This should help mitigate (although not eliminate) these conflicts, as should the fact that both Aspetuck and INclusive are highly systematic traders. The less personal involvement in trading, the narrower the scope, in general, for conflicts of interest.

Aspetuck is registered as a commodity pool operator (“CPO”) and commodity trading advisor (“CTA”) with the Commodity Futures Trading Commission (the “CFTC”). Aspetuck has been a member of the National Futures Association (the “NFA”) since October 2013.

Tudor, which holds a minority equity stake in INclusive, is under common control with Tudor Investment Corporation, an SEC-registered adviser. Tudor is a passive investor and does not participate in the day-to-day operations of INclusive or have access to the proprietary algorithms that direct trading for INclusive’s clients. However, a number of Tudor affiliates have been major “alternative investment” market participants for many years and have numerous business relationships in the financial sector in general. The Board will review on an ongoing basis the status of any conflicts of interest which INclusive (or any other persons) brings to its attention involving any Tudor-affiliated entity and the operations of INclusive.

As noted above under Item 6 *Performance-Based Fees and Side-by-Side Management*, members of INclusive and Aspetuck senior management will routinely consult with one another and the Board, which includes a Tudor representative, for the purpose of identifying and addressing conflicts of interest, including taking steps to disclose and mitigate such conflicts as they arise.

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

### Code of Ethics, Personal Trading and Prohibiting the Misuse of MNPI

As an SEC-registered investment adviser, in accordance with Advisers Act Rule 204(A)-1 (the “Code of Ethics Rule”), INclusive has adopted a Code of Ethics (the “Code”) which sets forth the ethical standards of business conduct for the Firm’s employees. A copy of the Code is available to existing and prospective clients, upon request to the Chief Compliance Officer (the “CCO”), at the Firm’s principal address or the CCO’s e-mail address set forth in Item 1 *Cover Page* of this brochure.

Each of INclusive’s officers, partners, directors, employees or any other person who provides investment advice on behalf of INclusive and is subject to its supervision and control (collectively, “Supervised Persons”) is subject to the Code. The Code is predicated on the principle that INclusive owes a fiduciary duty to its clients. At all times, Supervised Persons are required to:

- *Place client interests ahead of INclusive’s interests* — As a fiduciary, INclusive must serve its clients’ best interests.

- *Engage in personal investing that is in full compliance with INclusive's Code* — Supervised Persons must review and abide by INclusive's personal securities trading and insider trading policies.
- *Avoid taking advantage of the Supervised Person's position* — Supervised Persons must not accept investment opportunities, gifts or other gratuities from individuals seeking to conduct business with INclusive, or on behalf of a client, where such opportunities, gifts or gratuities could create the appearance of impropriety or might otherwise influence a decision to conduct business with such other party.
- *Maintain full compliance with the federal securities laws* — Supervised Persons must abide by the standards set forth in the Code of Ethics Rule.

The Code sets forth INclusive's policies as they relate to personal investment and trading by management and all Supervised Persons (whether or not classified as "Access Persons" with direct knowledge of the INclusive portfolios) and includes (i) a requirement that securities holdings, accounts and transactions be reported on a specified, periodic basis and (ii) pre-approval procedures for certain transactions, including investments in "new issues" and other limited offerings. The Code also (i) defines material nonpublic information ("MNPI"), (ii) prohibits the misuse of MNPI, including improperly communicating MNPI to others (*i.e.*, "tipping") and trading, either personally or on behalf of the Firm or client Accounts, based on any MNPI and (iii) sets forth the responsibilities of all Supervised Persons regarding the use of MNPI.

The Code's personal trading requirements apply to all Supervised Persons, which generally includes employees, as well as their spouses, certain members of their immediate families and other persons as further described in the Code. Furthermore, the Code applies to any account in which a Supervised Person has a direct or indirect beneficial, economic or financial interest or over which a Supervised Person has investment discretion or direct or indirect influence or control.

#### Participation or Interest in Client Transactions

INclusive's Supervised Persons may not take positions in their personal accounts in the same or similar ETFs in which the INclusive Program invests. Moreover, while Supervised Persons may take positions in securities, the price of which may be influenced by price movements in the market sectors represented by ETFs in which the INclusive Program invests, for the foreseeable future, INclusive's orders are unlikely to move prices, and the nature of the INclusive Program (computer-generated, automated investment advisory services) and the investment instruments (highly liquid ETFs) mitigate this conflict.

#### Conflicts Related to Management of Different INclusive Accounts

INclusive may have conflicts of interest with respect to managing different INclusive Accounts — for example, conflicts over the amount of time that INclusive devotes to refining the algorithms used for INclusive Accounts implementing certain (but not other) Expected Risk/Reward Selections, as well as over the allocation of investment or disposition opportunities among Accounts in the event of limited market capacity. If investments (or dispositions) are indicated for more than one Account, such investments (or dispositions) will be allocated among such Accounts

in such manner as the INclusive models indicate. A client will have no ability to verify, for example, whether the INclusive models systematically disfavor Accounts applying the Expected Risk/Reward Selection chosen by such client over Accounts implementing different Expected Risk/Reward Selections (for example, Expected Risk/Reward Selections that accept more risk and, accordingly, have more profit potential or GAA Plus Alpha Strategy Accounts over GAA Strategy Accounts as the former pay higher Management Fees).

In order to resolve, or at least mitigate, these and other conflicts of interest inherent in INclusive's business model, INclusive:

- Has adopted and implemented policies and procedures that are reasonably designed to detect, address and mitigate conflicts of interest;
- Monitors such policies and procedures for effectiveness; and
- Revises such policies and procedures where appropriate.

Please refer to Item 10 *Other Financial Industry Activities and Affiliations* above for additional information, including regarding other conflicts of interest.

## **Item 12 Brokerage Practices**

### **Broker-Dealer**

Interactive Brokers is currently the only broker-dealer through which INclusive Accounts can execute securities transactions. INclusive reviewed a variety of brokers for the INclusive Program and selected Interactive Brokers based primarily on the strength of its technology platform and its competitive brokerage commissions. INclusive's selection (at least initially) of Interactive is consistent with INclusive's limited resources but means that INclusive may be unable to achieve the most favorable execution of client transactions (as INclusive has no alternative but to accept Interactive Brokers' pricing), a limitation which may substantially increase Account transaction expenses over time.

Clients must independently evaluate the merits and risks of opening an Interactive Brokerage Account and the terms of the Interactive Brokerage Agreement (and any other applicable agreements entered into between clients and Interactive Brokers) before applying to open an INclusive Account. As previously noted, the Interactive Brokerage Account must be opened before INclusive can make any investments on behalf of the client's Account. A number of major robo-advisors trade through affiliated entities specifically established and "customized" to implement their respective advisory programs. INclusive does not have this functionality.

### **Batch Orders/Allocation**

While effecting securities transactions for a client's Account at the direction of INclusive, Interactive Brokers will also simultaneously effect similar transactions in the same ETFs for the Accounts of other INclusive clients. INclusive expects to direct Interactive Brokers to (i) combine or "batch" these INclusive securities transaction orders and (ii) allocate the securities so purchased or sold in a "batch order" among the participating Accounts as INclusive determines in good faith

to be reasonable and in the best interests of the affected clients over time (although not necessarily with respect to each “batch order” considered separately).

Clients may be charged a lesser per unit commission on “batch orders” than would otherwise be charged for an independent order, with any savings being passed along to you. In that event, the Account’s brokerage commission will be a *pro rata* portion of the entire commission charged, determined by *multiplying* such entire commission by a fraction, the numerator of which is the number of shares allocated or sold to the Account and the denominator of which is the total number of such shares purchased in the applicable “batch order.” On the other hand, “batch orders” also may result in higher pricing than might otherwise have been obtained in a smaller trading order, and, in some instances, may result in incomplete execution. Any such incomplete execution may cause the share of the “batch order” applicable to your Account to be reduced *pro rata* to the extent that the overall transaction is reduced.

Please see the Terms and Conditions and the Interactive Brokerage Agreement for more detail and direct broker-related questions to Interactive Brokers.

#### Trade Errors

For information regarding risk factors relating to trade errors and other risks pertaining to implementation of the INclusive Program, please see Item 8 *Methods of Analysis, Investment Strategies and Risk of Loss—Process Incidents v. Trade Errors* above.

#### Compensation/Soft Dollars

INclusive receives no compensation as a result of a client’s opening an Interactive Brokerage Account or with respect to the ongoing trading of such Interactive Brokerage Account and has no affiliation with Interactive Brokers. Additionally, INclusive has no “soft dollar” arrangement with any broker-dealer and will not knowingly receive any “soft dollar benefits.” Any “soft dollar benefits” that may inadvertently be received will fall within the “safe harbor” for “bona fide research” established by Section 28(e) of the Securities Exchange Act of 1934, as amended.

### **Item 13    Review of Accounts**

#### Review

Generally, Dr. Lu is responsible for: (i) the initial evaluation of whether an ETF is suitable for either or both of the Strategies; (ii) the continuous monitoring of the ETFs included in the Strategies; and (iii) any changes to the portfolio of ETFs included in the INclusive Program. Dr. Lu reviews prospective ETFs on a regular basis to assess ETFs to add to the INclusive Program portfolio, as well as whether to replace one or more of the ETFs currently included. These reviews are not available to existing or prospective clients.

Additionally, the INclusive Program includes limited automated statistical monitoring of client Accounts. Given INclusive’s limited resources, these reviews will be generic and confined to comparing the performance of Accounts implementing different Expected Risk/Reward Selections by scanning for apparently preferential outcomes or deviations from expected pricing relationships. These reviews are not available to existing or prospective clients.



INclusive will not monitor or review the performance of any individual INclusive Account. Again, INclusive does not have the capacity to offer any form of personalized financial advice.

There are no specific circumstances that would trigger the review of any particular INclusive Account, as opposed to outlier returns (when compared to the INclusive Program's model results) for one or more groups of INclusive Accounts implementing the same or similar Expected Risk/Reward Selections, which may trigger a broader review.

### Reporting

INclusive will not itself provide any reports concerning the Accounts to clients; all such reports will be available and transmitted to clients by Interactive Brokers.

INclusive will from time to time post on the Website certain information which INclusive believes may be of interest to clients in considering their respective Expected Risk/Reward Selections. As a general matter, INclusive assumes no responsibility and does not endorse any of such information (which INclusive has no ability to verify or confirm).

Due to the proprietary nature of the Strategies, INclusive does not anticipate reporting ongoing developments in the evolution and refinement of the Strategies.

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

The Firm does not receive any compensation from third parties for providing investment advice to its clients and does not compensate any third party for client referrals.

## **Item 15 Custody**

INclusive does not maintain "custody" (as defined under Advisers Act Rule 206(4)-2 (the "Custody Rule")) of client assets, which are held in the Interactive Brokerage Account. The Custody Rule stipulates that an adviser has custody of client assets, when it holds, directly or indirectly, client funds or securities, or has any authority to obtain possession of them, and therefore must comply with the requirements of the Custody Rule. INclusive only has the authority to trade client accounts.

Interactive Brokers acts as the custodian for the INclusive Accounts and maintains custody of their assets. Clients open their accounts with Interactive Brokers directly via a link provided on the Website. As noted under Item 5 *Fees and Compensation* above, clients will authorize Interactive Brokers to calculate the Management Fees, debit the respective Accounts for that amount and remit the Management Fees to INclusive.

## **Item 16 Investment Discretion**

INclusive manages assets as an internet adviser on a discretionary basis using systematic methods. The discretionary authority granted to INclusive by clients includes, among other things, the authority to select which ETFs to buy and sell for each Account and when to transmit trading signals for execution without contemporaneous review or approval by clients on a trade-by-trade basis. Clients grant INclusive such discretionary authority by executing the Terms and Conditions.

INclusive clients have no control over the trading of their INclusive Account and may not override any of INclusive's trading signals. With respect to their Accounts, clients may only (i) change their Expected Risk/Reward Selection (as described above under Item 4 *Advisory Business—Opening Accounts*), (ii) deposit and withdraw capital and (iii) terminate the Account.

Please refer to Item 4 *Advisory Business—Discretionary Management* above for additional information.

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

The Firm does not accept authority to vote client proxies or assist with any legal actions, class actions, etc. Clients retain all voting authority regarding their securities (in any event, votes with respect to ETFs are infrequent).

### **Item 18 Financial Information**

The Firm does not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of the INclusive Program services rendered. Therefore, the Firm is not required to include a financial statement in this brochure.

The Firm is not aware of any financial condition that impairs its ability to meet its contractual obligations to its clients. The Firm has not been the subject of a bankruptcy petition at any time during the past 10 years.

## **Part 2B of Form ADV: *Brochure Supplement***

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March 23, 2020

**This brochure supplement provides information about Biao Lu that supplements the INclusive Digital Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Mr. Timothy S. Reddington if you did not receive INclusive Digital Advisors, LLC's brochure or if you have any questions about the contents of this supplement.**

**Additional information about Biao Lu is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Dr. Lu is: 6808463.**

## **Item 2. Educational Background and Business Experience**

Biao Lu

Year of Birth: 1969

### Education:

Dr. Lu graduated from Yale University with a Ph.D. in 1998.

Dr. Lu graduated from Fudan University (Shanghai, China) with a B.A. in 1991.

### Recent Business Background:

CIO, INclusive Digital Advisors, LLC, 10/2018 - Present

CIO, Aspetuck Capital Management, LLC, 06/2013 – Present.

Deputy CIO, Ortus Capital Management, 02/2011-12/2012

Managing Director, China Investment Corporation, 10/2009-02/2011

Quantitative Portfolio Manager, Tudor Investment Corporation, 01/2004-10/2009

## **Item 3. Disciplinary Information**

Dr. Lu does not have any history of disciplinary events.

## **Item 4. Other Business Activities**

Dr. Lu is Managing Member and Chief Investment Officer of Aspetuck Capital Management LLC, a CFTC registered Commodity Pool Operator and Commodity Trading Advisor.

## **Item 5. Additional Compensation**

Dr. Lu does not receive any additional compensation from third parties for providing investment advice to its clients and does not directly compensate anyone for client referrals. Dr. Lu does receive substantial compensation for his role with Aspetuck Capital Management, LLC.

## **Item 6. Supervision**

As the Chief Investment Officer and owner of INclusive Digital Advisors, LLC, Dr. Lu is responsible for all supervision and general business strategy of the firm. Dr. Lu is also solely responsible for the formulation and monitoring of investment advice offered to clients, documentation of investment research or deliberations, implementation of all material investment policy changes, and conducting periodic testing to ensure that client objectives and mandates are being met. Dr. Lu's adherence with INclusive's compliance policies and procedures, including the code of ethics including personal security transactions are supervised by Timothy S. Reddington, Chief Compliance Officer of the firm.

Dr. Lu and Mr. Reddington can be reached at 203-914-1920.