

ACRUENCE CAPITAL, LLC

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ADV Parts 2A and 2B

Disclosure Brochure

April 2021

This brochure provides information about the qualifications and business practices of Acruence Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (512) 590-9417 or info@acruence.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Acruence Capital, LLC also is available on the Securities and Exchange Commission's website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

This ADV 2 Disclosure Brochure replaces our March 3, 2021 Brochure in its entirety. All items have been amended to reflect reorganization of the Brochure. Please carefully review the entire Brochure.

The following is a summary of material changes since the March 3, 2021 Brochure.

Acruence Capital, LLC's principal place of business has changed.

As of April 12, 2021, Randall Fields is no longer associated with Acruence Capital, LLC.

As of April 12, 2021, Robert E. Emrich III is the interim Chief Compliance Officer until a full-time CCO replacement is found.

Item 5. Fees and Compensation. Facilitar Capital Group LLC is no longer a sub-manager of Acruence Core Reduced Vol Fund, LP.

Item 6. Performance-Based Fees. Facilitar Capital Group LLC is no longer an affiliate of Acruence Core Reduced Vol Fund, LP.

As our business is constantly evolving, we review our policies and procedures on a regular basis. In evaluating their continuing effectiveness, we may amend this document along with our policies and procedures from time to time.

Our brochure may be requested by contacting our interim Chief Compliance Officer, Robert E. Emrich III, at (512) 590-9417 or info@acruence.com. We will provide you with a new brochure at any time without charge.

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ITEM 4. ADVISORY BUSINESS

Advisory Firm Description

Acrucence Capital, LLC ("Acrucence", the "Firm", or "Advisor") was organized as a Delaware limited liability company on November 28, 2018. The Firm began managing investment assets in June 2020. The owner and managing member of the Firm is Robert E. Emrich III ("Mr. Emrich"). See ADV Part 2B Supplement for additional information about Mr. Emrich. Mr. Emrich also serves as the interim Chief Compliance Officer for the Firm.

Types of Advisory Services

The Firm provides investment advisory services to Acrucence Core Reduced Vol Fund, LP, a Delaware limited partnership (the "Fund") (EDGAR company reporting number 021-367236) governed by a limited partnership agreement (the "Fund LPA"). The general partner of the Fund is Acrucence Management LLC, a Texas limited liability company. Mr. Emrich is the owner and managing member of Acrucence Management LLC. Investors in the Fund become "Fund Limited Partners". The Firm also provides investment management services as an "Outside Chief Investment Officer" to other registered investment advisory companies pursuant to a contract with that company. The Firm will provide investment advisory services to additional individual and institutional clients in the future. The Fund and any future clients are referred to collectively in this brochure as "Clients" and "Firm Clients". The Firm will manage Client investment portfolios on a discretionary basis pursuant to an investment advisory agreement (the "IAA"). Due to the discretionary nature of the Firm's investment management, Clients will not be able to impose restrictions on the securities or types of securities utilized by the Firm.

The "Acrucence Model" Risk-Based Investment Modeling Service

Firm limits its investment management activities to the Firm's risk-based investment modeling service (the "Acrucence Model"). The primary investment objective of the Acrucence Model is to achieve high relative risk-adjusted returns while attempting to limit volatility and downside risk through non-correlated portfolio construction and strong risk management. The Firm crafts investment strategies in a variety of areas, including but not limited to:

- long and short positions in various indices and exchange-traded funds ("ETFs") designed to mirror the performance of a well-diversified portfolio in a variety of assets;
- options and futures strategies designed to maximize returns and limit risk, including long volatility exposure using options, futures and ETFs;
- hiring and consulting other investment managers to further diversify portfolios; and
- utilizing data science and machine learning to maximize return and reduce volatility.

Each of these strategies is related but requires skill to analyze, manage, trade, and source.

Custodian; Broker/Dealers

The Firm uses Goldman Sachs and Company, LLC ("Custodian") as custodian and tax reporter for Client accounts. There is no relationship between the Firm and Custodian, other than a contractual relationship for Custodian's services. The Firm will use one or more broker/dealers ("Broker/Dealers") including, but not limited to, the Custodian to route and execute trades of securities.

Investment Advisory Agreement

The Firm and each Client enter into an investment advisory agreement ("IAA"), which states the investment advisory services to be rendered by the Firm, the management fees ("Management Fees") to be paid by the Client, and other rights and responsibilities of each party. The IAA is in addition to account opening agreements and other documents that are required in order to open an account with the Custodian and any Broker/Dealers.

Client Assets Under Management

As of March 1, 2020, had approximately \$458,000,000 of Client assets under management ("AUM").

ITEM 5. FEES AND COMPENSATION

Management Fees

Under the terms of the IAA, the Client is billed a "Management Fee" monthly in advance, equal to 0.125% of assets under management at the beginning of the month. Fees are billed directly to, and debited from, the Client's account by the Custodian. The Custodian sends the Client a quarterly statement showing the amount of the Management Fee and how the fee is calculated. The Client is responsible for verifying fee computations with quarterly statements from the Custodian, showing all amounts paid from Client's account, including the Firm's fees. The Client also has full time access to its account on the Custodian's website, and can review daily, weekly and monthly activity reports, as well as other account information. Fees are generally not negotiable and may be waived for employees, friends and family.

Additional Fees

The Client account also pays any fees assessed by the Custodian, Broker/Dealer and any "Sub-Managers" that are retained by the Firm to manage portions of Client portfolios. These additional fees will include trade commissions and other transaction fees, custodial fees, margin interest, wire fees, exchange fees, Sub-Manager performance fees, etc. Investors in the Fund will be charged a monthly Fund management fee of 2.0833 Basis Points (0.0020833%) of assets in the Fund by the Fund general partner. The Fund will also incur expenses related to Fund operations, including administrative accounting and audit fees and Sub-Manager fees.

Limitations on Withdrawal of Capital Accounts from the Fund

Section 4.01 of the Fund LPA sets out certain limitations on withdrawal of Fund Limited Partner capital accounts. Generally, a Fund Limited Partner may withdraw from that Limited Partner's capital account as of the last business day of any calendar month so long as the Fund General Partner has received at least seven days' prior written notice of intent to withdraw, the withdrawal amount is at least \$50,000, and the remaining capital account is at least \$300,000. If the withdrawal amount is 90% or more of the balance of the Limited Partner's capital account, then the General Partner may retain 10% of the withdrawal payment pending completion of the audit of the Fund's annual financial statements for the fiscal year in which the applicable withdrawal date occurs. See Section 4.01 of the Fund LPA for additional details of limitations on withdrawal of Fund capital accounts.

Termination of IAA for Separately Managed Accounts

The Client and the Firm both have the right to terminate the IAA for separately managed accounts at any time by notifying the other party in writing; such termination will be effective immediately after receipt of such notice. If the Client terminates the IAA during a monthly billing period, a prorated amount (based upon the number of calendar days from the beginning of the month until the date of termination) of the Management Fee collected at the beginning of that month will be refunded to the Client. If, however, the Client terminates the IAA within five business days of signing, then the Client will be entitled to a waiver of any pro-rated fees otherwise due to the Firm. There is no penalty or termination fee for canceling the IAA at any time.

ITEM 6. PERFORMANCE-BASED FEES

The Firm does not charge "performance-based fees" - that is, fees based on a share of capital gains on or capital appreciation of the assets under management. Sub-managers may, however, charge performance-based fees for management of portions of Client portfolios.

ITEM 7. TYPES OF CLIENTS

Firm provides investment advisory services to the Fund. The Firm will, in the future, provide investment advisory services to other Clients, including:

- Individuals (other than high-net worth individuals)
- High net worth individuals
- Institutions, and
- Other investment advisers.

The minimum initial capital contribution to the Fund is generally \$300,000, subject to the Fund General Partner's sole discretion to accept subscriptions for lesser amounts or, upon giving notice to the Fund Limited Partners, to require a higher minimum. Minimum account sizes for accounts managed by the Firm but separate and apart from the Fund will be negotiated on a case-by-case basis.

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

The Firm uses a combination of the following types of analysis in evaluating investments for Client accounts:

- **"Technical Analysis"** reviews past performance of securities in order to predict future performance. Our technical analysis includes but is not limited to charting and statistical analysis of the S&P 500 Index® to identify patterns, levels of support and resistance, and correlations to other indexes such as the CBOE Volatility Index®. We also analyze historical index data and performance to develop risk management models for a variety of market conditions. In our technical analysis of options, we examine measurements of volatility, trading volume, price spreads, and other parameters concerning securities and asset trading.
- **"Fundamental Analysis"** reviews underlying components that affect economic and market conditions. Our fundamental analysis includes, but is not limited to, studying market research, leading economic indicators, central bank policies, and geopolitical issues. In particular, we evaluate reports on the US labor market, productivity, consumer confidence, and gross domestic product ("GDP") as we look for investment opportunities that will suit economic conditions. We monitor the activity of the Federal Reserve, including Beige Book reports and Federal Open Market Committee statements and minutes, and we study the movement of the US Dollar in comparison to other currencies. We track global markets, and geopolitical issues

in order to assess potential effects on US markets and to manage risk and identify investment opportunities for our Clients.

- **"Asset Allocation"** is an investment strategy that aims to balance risk and reward by allocating assets among a variety of asset classes. At a high level, there are three major asset classes - equities (stocks), fixed income (bonds), and cash or cash equivalents - each of which has different risk and reward profiles and behaviors. Asset classes are often further divided into domestic and foreign investments, and equities are often divided into small, intermediate, and large capitalization companies. The general theory behind asset allocation is that each asset class will perform differently from the others in different market conditions. By diversifying a portfolio of investments among a wide range of asset classes, advisors seek to reduce the overall volatility and risk of a portfolio through avoiding overexposure to any one asset class during various market cycles. Asset allocation does not guarantee a profit or protect against loss.

The Firm uses the following sources of information in its analysis:

- Financial news media such as Bloomberg, CNBC, The Wall Street Journal and Morningstar®;
- Research materials prepared by others, for example, reports, white papers, case studies, financial newsletters and market commentaries prepared by financial advisors and institutions;
- Published historical index return values, for example, historical data for the S&P 500 Index® and CBOE Volatility Index® from sources such as CBOE®, S&P Dow Jones Indices, and Morningstar®; and
- Government reports on monetary policy and economic data, including but not limited to jobless, employment, and Consumer Price Index ("CPI") reports by the US Department of Labor, gross domestic product ("GDP") reports by the US Department of Commerce, Beige Book reports by the Federal Reserve Districts, and Federal Open Market Committee statements and minutes by the Federal Reserve.

The investment strategies the Firm uses to implement investment advice include, but may not be limited to:

- Long-term purchases (securities held at least a year);
- Short-term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales of securities;
- Margin transactions;
- Long and short transactions in index futures;
- Long and short positions in index options and index futures options; and
- Option writing, including covered options, uncovered options or spreading strategies.

Our investment strategies may include any of the above based on the Client's objectives and guidelines, which may be changed at any time. The Client may place reasonable restrictions on the strategies to be employed and the types of investments to be held in their accounts.

It is important for the Client to remember to update us with any changes in investment objectives and guidelines. Although we manage the Client's assets in a manner consistent with the Client's risk

tolerance, there can be no guarantee that our efforts will be successful. Clients should be prepared to bear the risk of loss.

Material Risks

The Firm believes that diversification is a key to dampening risk (volatility) within a portfolio. Portfolios are created based on the individual needs and circumstances of the Client and will hold a broad array of individual securities and/or futures or option positions, at the discretion of the portfolio manager, to satisfy those needs.

Past performance is not indicative of future results. Therefore, a Client should never assume future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, bonds, ETFs, futures, options, etc.) involves risk of loss. Further, depending on the diverse types of investments there may be varying degrees of risk. Clients should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

There are certain additional risks associated with investing in securities, futures and options through our investment management program, as described below:

Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of Client investments. This is also referred to as systemic risk. **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

Equity (stock) Market Risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk: When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk: When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid

income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

Futures Risk: Security futures involve a high degree of risk and are not suitable for all investors. An investor could lose a substantial amount of money in a very short period of time. The amount of loss is potentially unlimited and can exceed the amount originally deposit with a broker. This is because trading security futures is highly leveraged, with a relatively small amount of money controlling assets having a much greater value. A security futures contract is a legally binding agreement between two parties to buy or sell a specific quantity of shares of an individual stock or a narrow-based security index at a specified price, on a specified date in the future (known as the settlement or expiration date). If a futures contract is bought, the purchaser is entering into a contract to buy the underlying security and is said to be "long" the contract. Conversely, if a futures contract is sold, the seller is entering into a contract to sell the underlying security and is considered "short" the contract. Other futures risks include:

- **Offsetting Transactions.** Prior to expiration, an investor can realize current gains or losses by executing an offsetting sale or purchase in the same contract (i.e., an equal and opposite transaction to the one that opened the position).
- **Contract Expiration and Delivery.** Any futures contract that hasn't been liquidated by an offsetting transaction before the contract's expiration date will be settled at that day's settlement price. The terms of the contract specify whether a contract will be settled by physical delivery—receiving or giving up the actual shares of stock—or by cash settlement. Where physical delivery is required, a holder of a short position must deliver the underlying security. Conversely, a holder of a long position must take delivery of the underlying shares. Where cash settlement is required, the underlying security is not delivered. Rather, any security futures contracts that are open are settled through a final cash payment based on the settlement price. Once this payment is made, neither party has any further obligations on the contract.
- **Margin & Leverage.** When a brokerage firm lends the investor part of the funds needed to purchase a security, such as common stock, the term "margin" refers to the amount of cash, or down payment, the investor is required to deposit. By contrast, a security futures contract is an obligation - not an asset - and has no value as collateral for a loan. When an investor enters into a security futures contract, the investor is required to make a payment referred to as a "margin payment" or "performance bond" to cover potential losses. For a relatively small amount of money (the margin requirement), a futures contract worth several times as much can be bought or sold. The smaller the margin requirement in relation to the underlying value of the futures contract, the greater the leverage. Because of this leverage, small changes in price can result in large gains and losses in a short period of time.
- **Gains & Losses.** Unlike stocks, gains and losses in security futures accounts are posted to the investor's account every day. Each day's gains are determined by the settlement price set by the exchange. If due to losses the account falls below maintenance margin requirements, the investor will be required to place additional funds in the account to cover those losses.
- **Because of the leverage involved and the nature of futures transactions, the effects of losses may be felt immediately.** Unlike holdings in traditional securities, gains and losses in security futures are credited or debited to the account on a daily basis at a minimum. Because of daily market moves, the broker may require the investor to have or make additional funds available. If the account is under the minimum margin requirements set by the exchange or the firm, the investor's position may be liquidated at a loss, and the investor will be liable for any deficit in the account.

- **Under some market conditions, it may be difficult or impossible to hedge or liquidate a position.** If the investor cannot hedge or liquidate a position, any existing losses may continue to mount. Even if the investor can hedge or liquidate a position, the investor may be forced to do so at a price that involves a large loss. This can occur, for example:
 - If trading is halted due to unusual trading activity in either the security futures contracts or the underlying security;
 - If trading is halted due to recent news events involving the issuer of the underlying security;
 - If computer systems failures occur on an exchange or at the firm carrying your position; or
 - If the market is illiquid and therefore doesn't have enough trading interest to allow the investor to get a good price.
- **Under some market conditions, the prices of security futures may not maintain their customary or anticipated relationships to the prices of the underlying security or index.** This can occur, for example, when the market for the security futures contract is illiquid and lacks trading interest, when the primary market for the underlying security is closed or when the reporting of transactions in the underlying security has been delayed. For index products, this could also occur when trading is delayed or halted in some or all of the securities that make up the index.
- **Losses due to computer systems failures.** As with any financial transaction, losses may be experienced if orders cannot be executed normally due to systems failures on a regulated exchange or at the firm carrying the position. Losses may be greater if the brokerage firm does not have adequate back-up systems or procedures.
- **Placing contingent orders, if permitted, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to the intended amount.** Market conditions may make it impossible to execute the order or to get the stop price.
- **Day trading strategies involving security futures pose special risks.** As with any financial product, seeking to profit from intra-day price movements poses a number of risks, including increased trading costs, greater exposure to leverage and heightened competition with professional traders.

For Further information see: [Security Futures Disclosure Statement](https://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement.pdf) at:
https://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement.pdf

Options Risk: Options on securities, indices and futures may be subject to greater fluctuations in value than an investment in the underlying securities, indices or futures. Purchasing and writing put and call options on positions held (covered options) are highly specialized activities and entail greater than ordinary investment risks. Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, future or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price. The Firm expects generally to trade options that have cash settlement provisions. When an option position is opened, the price of the option and transaction charges to the broker effecting the transaction must be paid immediately. If a security is acquired by exercising an option as opposed to purchasing such security directly, the total cost of acquiring the security may be more than the amount of

the brokerage costs which would be payable if the security were to be purchased directly. If a put or call option purchased were permitted to expire without being sold or exercised, the premium paid for the option will not be offset by any potential gain on the exercise of the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security caused by rising interest rates or other factors. If this occurred, the option could be exercised, and the underlying security would then be sold to the account holder at a higher price than its current market value. The risk involved in writing ("selling") a call option is that there could be an increase in the market value of the underlying security caused by declining interest rates or other factors. If this occurred, the option could be exercised, and the underlying security would then be sold at a lower price than its current market value. Purchasing and writing put and call options and, in particular, writing "uncovered" options are highly specialized activities and entail greater than ordinary investment risks. Uncovered writing of put and call options reflect unlimited liability as the potential for loss can exceed the premiums collected. Because options are inherently leveraged, modest price moves in the underlying security are magnified as a percentage impact on the option price. Significant loss potential exists. For more information, see *Characteristics and Risks of Standardized Options* at: <https://www.theocc.com/components/docs/riskstoc.pdf>

Hedging Transactions: The Firm plans to hedge each short option position with a long option position that is further out of the money at the time of the transaction. The Firm is not required to attempt to hedge other portfolio positions and, for various reasons, may determine not to do so. Furthermore, the Firm may not anticipate a particular risk so as to hedge against it. The Firm may utilize financial instruments, both for investment purposes and for risk management purposes in order to seek to:

- protect against possible changes in the market value of investment portfolios resulting from fluctuations in the securities markets and changes in interest rates;
- protect unrealized gains in the value of investment portfolios;
- facilitate the sale of any such investments;
- enhance or preserve returns, spreads or gains on any investment in the portfolios;
- hedge the interest rate or currency exchange rate on any of the portfolio liabilities or assets;
- protect against any increase in the price of any securities the Firm anticipates purchasing at a later day; or
- for any other reason that the Firm deems appropriate.

The success of any hedging strategy that the Firm may employ will be subject to the Firm's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Firm's hedging strategy will also be subject to the Firm's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Firm may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if it had not engaged in any such hedging transactions. For a variety of reasons, the Firm may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Firm from achieving its intended hedge or expose the portfolios to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of portfolio holdings. Under certain market conditions, it may be difficult or impossible to liquidate a position. Generally, an offsetting transaction must be entered in order to liquidate a position in an option contract. If a position in an option contract cannot be liquidated, gain in the value of the position, or prevention of further losses in a position, may not be realized. This inability to liquidate could occur, for example, if trading is halted due to unusual trading activity in either the option contract or the underlying index; if systems failures occur on an exchange

or at the Firm carrying the position; or if the position is on an illiquid market. Even if a position can be liquidated, it may be at a price that involves a large loss. Under certain market conditions, it may also be difficult to manage risk from open option positions by entering into an equivalent but opposite position in another contract month, on another market. This inability to take positions to limit risk could occur, for example, if trading is halted across markets due to unusual trading activity in the contract.

Under certain market conditions, the prices of option contracts may not maintain their customary or anticipated relationships to the prices of the underlying security, index or future. These pricing disparities could occur, for example, when the market for the option contract is illiquid or when trading is delayed or halted in some or all of the securities that make up the index. As with any financial transaction, losses may be experienced if orders for option contracts cannot be executed normally due to systems failures on a regulated exchange or at the brokerage firm carrying the position. Losses may be greater if the brokerage firm carrying the position does not have adequate back-up systems or procedures. All option contracts involve risk, and there is no trading strategy that can eliminate risk. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to the intended amount. Market conditions may make it impossible to execute the order or to get the stop price.

ETF and Mutual Fund Risk: When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is a high interest in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk: The possibility that shareholders will lose money when they invest in a company that has debt if the company's cash flow proves inadequate to meet its financial obligations.

Actuarial Risk: Actuarial tables reflect the probabilistic outcome in the future, based on analysis of what has occurred over a large sample size in the past. Actuarial tables can be used to set the price (or premiums) for certain investments.

Underwriting Risk: Certain investments rely on the subjective and objective review of factors that comprise the risk associated with a specific investment decision. The underwriting analysis contributes to the purchase price or interest rate one is willing to offer when considering the investment.

Overall Investment Risk: All securities investments risk the loss of capital. The nature of the securities to be purchased and traded and the investment techniques and strategies to be employed by the Firm may increase this risk. While the Firm will devote its best efforts to the management of portfolio, there can be no assurance that the individual accounts will not incur losses. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments, may cause sharp market fluctuations that could adversely affect performance.

Transactions in Securities: There is no assurance that the Firm will correctly evaluate the nature and magnitude of the various factors that could affect the prospects invested securities. The individual account holders may lose their entire investment or may be required to accept cash or securities with a value less than their original investment. Under such circumstances, the returns generated from investments may not be adequate compensation for the risks assumed.

Trading Limitations: For all securities listed on public exchanges, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could subject portfolios managed by the Firm to a loss.

Fixed-Income Investments: The value of the fixed-income securities in which the Firm may invest will generally change as the general levels of interest rates fluctuate. Generally, when interest rates decline, the value of the long fixed-income portfolio can be expected to rise while that of its short fixed-income portfolio can be expected to decline. Conversely, when interest rates rise, the value of a long fixed-income portfolio can be expected to decline while that of a short fixed-income portfolio can be expected to rise.

Portfolio Turnover: The Firm will may engage in selling index option vertical spread positions, which will have an average holding period of about 7-30 days between the date the positions are opened and expiration of the options. Accordingly, a portfolio's annual portfolio turnover rate may be 100% or more per month. The Firm has not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Firm, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate.

Index-Based Trading: Trading in index-based unit investment trusts and ETFs generally involves risks similar to other securities trading. Additionally, these instruments may not move in tandem with the indices upon which they are based.

Derivative Transactions: Generally, the Firm may engage in derivative transactions such as swaps, futures, and forwards for hedging purposes. The risks associated with derivative transactions are potentially greater than those associated with the direct purchase or sale of the underlying securities because of the additional complexity and potential for leverage. In addition, derivatives may create credit risk (the risk that a counterparty on a derivative transaction will not fulfill its contractual obligations), as well as legal, operations, reputation and other risks beyond those associated with the direct purchase or sale of the underlying securities to which their values are related.

Failure of Brokers and Other Depositories: There is the possibility that the institutions, including brokerage firms and banks, with which the Firm will do business, or with whom securities may be entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities, or the capital position of the portfolios managed by the Firm. The Firm may maintain a substantial portion of assets in clearing accounts pursuant to clearing agreements with foreign clearing firms (including banks and brokers) and foreign affiliates of United States broker-dealers. Foreign clearing firms are generally not subject to United States laws and regulations and foreign markets may be subject to less regulation and supervision than in the United States. Transaction costs of investing in non-U.S. securities in foreign markets may be higher than in the United States and clearance procedures may be less efficient. Clients are reminded that investing in any security entails risk of loss, which they should be willing to bear.

Potential Conflicts of Interest

The Firm and its owner, manager, officers and employees (each an "Affiliate" or collectively "Affiliates") will only devote so much time to the affairs of the Firm as is reasonably required in the judgment of the Firm. Affiliates will not be precluded from engaging directly or indirectly in any other business or other activity, including exercising investment manager and management responsibility and buying, selling or otherwise dealing with securities and other investments for their own accounts, for the accounts of family members, for the accounts of other funds and for the accounts of individual and

institutional clients (collectively, "Other Accounts"). Such Other Accounts may have investment objectives or may implement investment strategies similar to those of the Firm's Clients. Affiliates may also have investments in certain of the Other Accounts. Each Affiliate may give advice and take action in the performance of their duties to their Other Accounts that could differ from the timing and nature of action taken with respect to the Firm's Clients. Affiliates will have no obligation to purchase or sell for the Firm any investment that Affiliates purchase or sell, or recommend for purchase or sale, for their own accounts or for any of the Other Accounts. The Firm's Clients will not have any rights of first refusal, co-investment or other rights in respect of the investments made by Affiliates for the Other Accounts, or in any fees, profits or other income earned or otherwise derived from them. If a determination is made that the Firm's Clients and one or more Other Accounts should purchase or sell the same investments at the same time, Affiliates will allocate these purchases and sales as is considered equitable to each. No Client will, by reason of being a Firm Client, have any right to participate in any manner in any profits or income earned or derived by or accruing to Affiliates from the conduct of any business or from any transaction in investments effected by Affiliates for any account other than that of the Client's own account.

Affiliates will attempt to allocate investment opportunities that come to their attention on a fair and equitable basis among the Firm's Clients and the Other Accounts for which participation in the respective opportunity is considered appropriate. In determining whether participating by a Client is appropriate, Affiliates shall take into account, among other considerations: (a) whether the risk-return profile of the proposed investment is consistent with the objectives of the Client, which objectives may be considered: (i) solely in light of the specific investment under consideration; or (ii) in the context of the Client's overall holdings and available capital; (b) the potential for the proposed investment to create an imbalance in the Client's portfolio; (c) liquidity requirements of the Client; (d) potential tax consequences; (e) legal or regulatory restrictions; (f) the need to re-size risk in the Client's portfolio; and (g) whether the Client and/or Other Accounts have a substantial amount of investable cash (e.g., during a "ramp-up" period). Notwithstanding the foregoing, there can be no assurance that an investment opportunity which comes to the attention of any of Affiliates will not be allocated to any Other Account, with the Firm's Clients being unable to participate in such investment opportunity or participating only on a limited basis. In addition, there may be circumstances under which Affiliates will consider participation by Other Accounts in investment opportunities in which Affiliates do not intend to invest, or intend to invest only on a limited basis, on behalf of the Firm's Clients. Because these considerations may differ for the Firm's Clients and the Other Accounts in the context of any particular investment opportunity, investment activities of the Firm's Clients and the Other Accounts may differ considerably from time to time.

Affiliates may be retained by the Firm to manage a portion of a Client's portfolio for investment management fees and/or performance fees to be determined. Affiliates of the Firm may share in such investment management fees and/or performance fees.

Mr. Emrich III is the sole member of Acruence Management LLC, the general partner of the Fund. Mr. Emrich III, may participate in investment management fees and/or performance fees generated by investment advisors and Sub-Managers.

As a result of the foregoing, Affiliates may have conflicts of interest in allocating their time and activity between the Firm and the Other Accounts, in allocating investments among the Firm's Clients and the Other Accounts and in effecting transactions for the Firm's Clients and the Other Accounts, including ones in which Affiliates may have a greater financial interest.

ITEM 9. DISCIPLINARY INFORMATION

There have been no disciplinary actions against the Firm or Mr. Emrich.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Mr. Emrich is a Firm investment advisor representative ("IRA") and is the sole member of Acrucence Management LLC ("Acrucence Management"), a Texas limited liability company, the general partner of the Fund, and an exempt reporting advisor listed with the TSSB. Although Mr. Emrich will endeavor to avoid conflicts of interest between the Firm, Acrucence Management, and the Fund, each is a separate legal entity and there is a potential for conflict of interest between them. In order to reduce the potential for conflicts of interest, the Fund has engaged Apex Fund Services (Chicago), LLC, an independent administrator to conduct day-to-day administration, and BDO USA LLP, an independent certified public accounting firm, to conduct an annual audit of the Fund.

Both the Firm and the Fund have retained the legal services of Riveles Wahab, LLP, a New York law firm.

Mr. Emrich is a Firm IRA and is also an IRA of Castlevue Partners LLC ("Castlevue"), a Texas limited liability company, and Lake Point Wealth Management, LLC. ("Lake Point"), a Texas limited liability company. Castlevue and Lake Point are investment advisor firms registered with the TSSB. Mr. Emrich has other business interests outside of the Firm and may receive compensation from these interests. These activities do not pose a conflict of interest and time spent with these interests is minimal. Although Mr. Emrich will endeavor to avoid conflicts of interest between the Firm, Castlevue and Lake Point, each is a separate legal entity and there is a potential for conflict of interest between them.

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

Code of Ethics: The Firm's Code of Ethics sets forth standards of conduct expected of Firm personnel (collectively referred to as "employees") and focuses on three specific areas where employee conduct has the potential to adversely affect the Client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

The ethical culture of the Firm is of critical importance must be supported at the highest levels of the firm. Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any Client or prospective Client may request a copy of the Firm's Code of Ethics, which will be provided at no cost. The following basic principles guide all aspects of the Firm's business and represent the minimum requirements to which the Firm expects employees to adhere:

- The interest of Clients comes before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of interest of which it is aware between itself and Clients as well as between Firm employees and Clients.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.

- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to Clients.
- The Firm and its employees must always comply with all applicable securities laws.

Honesty, integrity and professionalism are hallmarks of the Firm. The Firm maintains the highest standards of ethics and conduct in all business and Client relationships.

Misuse of Nonpublic Information: The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal or Clients' securities trades.

Personal Securities Trading: All employee participation in private placements or initial public offerings must be preapproved by the compliance officer. Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the compliance officer to ensure compliance with the Firm's policies.

Recommendation of Securities in which the Firm or Related Persons have a Financial Interest. Initially, the Firm will provide investment advice to the Fund, and will manage the Fund portfolio. The general partner of the Fund is Acruence Management. Mr. Emrich is the sole member of Acruence Management and will have an indirect ownership interest in the Fund. The Firm will recommend investment in the Fund to prospective investors, which may include Firm Clients. The other principals of the Firm may invest in the Fund. The potential for conflict of interest is mitigated by using a non-affiliated administrator and a non-affiliated auditor for the Fund. Also, the Firm will manage the Fund portfolio through an independent prime broker and custodian.

Purchase of Sale of Securities at about the same time for Clients and Firm Related Persons. In the event the Firm purchases or sells securities for Clients and Firm Related Persons at or about the same time, such purchases or sales will be "batch" transactions so that both the Firm Related Persons and Clients receive the same execution price and time.

ITEM 12. BROKERAGE PRACTICES

Outside Business Activities: Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with Clients, such conflicts will be fully disclosed or the employee will be directed to cease this activity.

Selection of Brokers: The Firm has discretionary authority to (a) buy, sell, exchange, convert or otherwise trade in any approved securities and (b) place orders for the execution of such securities transactions with or through such brokers-dealers as we may select, subject to the terms of the Client's Advisory Agreement. We adhere to the restrictions of each Client's investment policy, objectives and guidelines.

Best Execution: The Firm recognizes its responsibility to attain best execution of trades conducted on behalf of Clients. The Firm considers the following in determining best execution: access to order flow, financial stability of broker/dealer, ease of correcting errors, quality of reports, access to research, commission structure, accuracy and speed of execution. The Firm periodically assesses its broker/dealer relationships to monitor quality of executions.

Research and Other Soft-Dollar Benefits: The Firm currently has no formal soft-dollar arrangements, where specific products or services are paid for with soft dollars generated for the Firm by individual trades the Firm places in Client accounts. However, the custodians provide the Firm with

certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

Brokerage for Client Referrals: The Firm does not receive referrals from a broker/dealer or third-party providing service to the Firm.

Directed Brokerage: Some Clients may choose to execute trades through broker/dealers with whom they have an existing relationship. In this instance, the Firm is less able to meet its fiduciary duty to obtain best execution for transactions executed for Clients. These Clients are also unable to participate in aggregated trade orders.

Order Aggregation: The Firm will generally aggregate brokerage orders for its Clients and allocate the securities purchased or sold among the participating accounts, with each account receiving the same terms. The proportion in which participating accounts will share transactions will be determined by the Firm on the basis of investment objectives, cash availability, expected cash and liquidity needs, and other relevant factors. The overarching principle for that allocation is that no Client is intentionally favored over another Client that is similarly situated.

Trade Errors: Any trade errors resulting in losses in an individual Client will be assumed by the Firm.

ITEM 13. REVIEW OF ACCOUNTS

The Firm's Chief Compliance Officer reviews separate accounts at least annually on behalf of the Firm. Triggering factors for additional reviews would include major market moves, changes in investment objective or a Client's financial circumstance. Such reviews entail looking at holdings of each portfolio and cash flows in light of each Client's investment objective. Clients with separate accounts are required to open accounts with qualified Custodians, which send at least quarterly statements directly to Clients. These statements show the account holdings valued as of period end and all transactions occurring during the period. Clients will receive statements from Client's broker/dealers, mutual funds and other money managers, as appropriate. Clients will have internet access to their accounts under terms granted by the Custodian to its clients. In addition to quarterly statements sent by Custodians, the Firm will provide Clients with monthly summary reports by email.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Firm may pay referral fees to independent contractors who are properly registered as investment advisors. The referring party receives a percentage of our fees or may receive a fixed fee, as specified in the contract between that solicitor and the Firm, which is paid from the management fee the Client pays to the Firm. All such referred Clients sign a disclosure acknowledgement letter detailing this relationship and the fee arrangement. Clients pay the same fees to the Firm regardless of whether or not they were introduced to the Firm by an outside party receiving a portion of the management fee paid to the Firm.

ITEM 15. CUSTODY

Because the Firm generally has the authority to instruct the account custodian to deduct the investment management fee directly from the Client's account, the Firm is considered to have "custody" of Client assets. Custody is defined as having any access to Client funds or securities. This limited access is monitored by the Client through receipt of account statements directly from the custodian. These statements all show the deduction of the management fee from the account. Otherwise, the Firm may only direct the movement of funds from one account in the Client's name to

another such titled account but has no other access to funds. In addition to the foregoing, Acrucence Management, a Firm related person, is general partner of the Fund and, as such, will have control of funds invested in the Fund. By definition, Acrucence Management will be a custodian of funds invested by Fund investors and will follow TSSB Rule 116.17 concerning custody of Client funds. The Fund and Acrucence Management will have an annual audit by a non-affiliated accounting firm.

ITEM 16. INVESTMENT DISCRETION

For discretionary accounts, the Firm has full trading authority under a limited power of attorney assigned to the Firm, which is included in the investment advisory agreement. The Firm will exercise discretion in a manner that is consistent with the stated investment objectives for the account. The Firm only exercises discretion in accounts where the Firm has been authorized to do so, in writing, by the Client.

As a result, the Firm will determine both the type and amount of investments, to be purchased or sold on each Client's behalf. The Firm follows the investment strategy as set forth in the investment advisory agreement. Clients may place restrictions on the Firm's discretion in writing.

Non-discretionary accounts are managed for Clients not willing or unable to provide limited power of attorney to the Firm.

ITEM 17. VOTING CLIENT SECURITIES

We do not vote proxies for Clients or assist with proxy voting decisions. Clients receive proxy voting material directly from the account custodian.

ITEM 18. FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair the Firm's ability to meet its contractual commitments to its Clients.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Please see the brochure supplement for information regarding the Firm's owner, Mr. Emrich (Managing Member).

Neither the Firm nor any of its officers or principals has been involved in an award in an arbitration claim alleging damages, or an award of being found liable in a civil, self-regulatory organization, or administrative proceeding.

Neither the Firm nor any of its officers or principals has a relationship or arrangement with an issuer of securities.

ADV PART 2B SUPPLEMENT

Robert E. Emrich III

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April 2021

This brochure supplement provides information about Robert E. Emrich III that supplements the Acrucence Capital, LLC., ADV brochure. If you did not receive a copy of the Acrucence Capital, LLC., ADV brochure, or have any questions about the contents of this supplement, please contact the interim Chief Compliance Officer, Robert E. Emrich III at (512) 590-9417 or send an email to: info@acrucence.com. We will provide you with a new brochure at any time without charge.

Additional information about Mr. Emrich is available on the SEC's website at www.adviserinfo.sec.gov.

Robert E. Emrich III, born 1971

Robert E. Emrich III is Managing Director and Senior Portfolio Manager of Acruece Capital, LLC. Mr. Emrich has nineteen years of investment experience and has developed and manages three hedging and volatility strategies with combined assets under management ("AUM") of over \$400 million. He previously served as Vice President at Manning and Napier Advisors, Alliance Bernstein and Janu Capital. He has raised over \$1 billion of investment assets. Mr. Emrich has managed a commodity portfolio trading over \$4 billion in notional value of commodities, including oil and gas, interest rate futures and foreign currency. He grew up in Maryland and graduated from Towson University in 1997. Mr. Emrich lives in Austin, Texas with his wife and three children.

ITEM 2. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Education:

B.S. Business Administration, Towson University, 1997

Business Background for Preceding Five Years:

- Managing member, Acruece Capital LLC, November 2018 to present
- Managing Director, Senior portfolio Manager, Castlevue Partners, LLC, June 2017 to present
- Vice President, Manning & Napier Investor Services, Inc., November 2014 to June 2017
- Vice President, Manning & Napier Advisors LLC, October 2014 to June 2017

ITEM 3. DISCIPLINARY INFORMATION

Mr. Emrich has had no disciplinary or legal events that would be material to a client or prospective client.

ITEM 4. OTHER BUSINESS ACTIVITIES

Mr. Emrich has no other business activities.

ITEM 5. ADDITIONAL COMPENSATION

Mr. Emrich receives no additional compensation for advisory services from anyone not a client.

ITEM 6. SUPERVISION

Mr. Emrich is the Managing Member of Acruece Capital, LLC, and also serves as the interim Chief Compliance Officer of the Firm.

ITEM 7. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Mr. Emrich has not been found liable in an arbitration claim, nor has he been found liable in a civil, self-regulatory organization, or administrative proceeding.

Mr. Emrich has not been the subject of a bankruptcy petition.