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**PART 2A OF FORM ADV: FIRM BROCHURE**

Uniform Application for Investment Advisor Registration

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**SOPHIS INVESTMENTS LLC**

**January 16, 2021**

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*This brochure provides information about the qualifications and business practices of Sophis Investments LLC, d/b/a Rational Investors ("Sophis Investments" or the "Adviser"). If you have any questions about the contents of this brochure, please contact the Adviser at 212-572-6360 or [compliance@sophisinvestments.com](mailto:compliance@sophisinvestments.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Registering as an investment adviser with the SEC or any state securities authority does not imply any level of skill or training.*

*Additional information about the Adviser also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

**ITEM 2**  
**MATERIAL CHANGES**

The primary material changes to this brochure is that the amount of client assets has changed; the Adviser will accept standing letters of authorization to facilitate first-party fund transfers, in accordance with all applicable rules and regulations; the Adviser's fee structure has changed to reflect the provision of tailored investment services; and one registered independent adviser representative joined the Adviser.

Clients and prospective clients of Sophis Investments should review this Brochure carefully and in its entirety.

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## ITEM 4

### ADVISORY BUSINESS

#### A. General Description of Advisory Firm.

Sophis Investments LLC (CRD #: 170391) is a Delaware limited liability company founded in April 2008. The Adviser conducts certain business under the trade name Rational Investors. Tassos D. Recachinas, as founder, principal owner and managing member of the Adviser, controls the Adviser and is responsible for its day-to-day activities. Vijay S. Malik joined the Adviser as an Investment Adviser Representative on October 31, 2014. Edward I. O'Brien III joined the Adviser as Chairman on September 29, 2017. Walter E. (Skip) Auch, Jr. joined the Adviser as an Investment Adviser Representative on July 9, 2018. George V. Merrill joined the Adviser as an Investment Adviser Representative on January 15, 2021. The Adviser is registered with the Securities & Exchange Commission, and as required, has submitted notice filings with the States of Connecticut and Nebraska.

#### B. Description of Advisory Services.

Sophis Investments provides discretionary portfolio management services to clients. Sophis Investments offers clients a concentrated investment strategy that focuses primarily on investing in a limited number of long equity positions. Sophis Investments employs "bottom-up" analysis and fundamental research to identify investment opportunities for execution of the investment strategy. Please refer to the *Investment Strategies, Methods of Analysis, and Risk of Loss* section for a more detailed description of the Adviser's investment strategy.

In addition to Sophis Investments' principal investment strategies, the firm provides tailored investment advisory services as applicable to clients.

#### C. Availability of Customized Services for Individual Clients.

Sophis Investments accepts investor-imposed restrictions or parameters with respect to its separately managed accounts and is willing to tailor the advisory services it provides to each client, in writing typically on an exhibit or schedule attached to the investment management agreement. While the Adviser intends for separately managed accounts advised under the same or similar investment strategy to generally hold, to the extent practicable, similar securities with one another, each account's net asset value, regulatory, tax and suitability, among other considerations, may contribute to investments and investment performance differing significantly among accounts.

#### D. Wrap Fee Programs.

The Adviser does not participate in any wrap fee programs.

#### E. Regulatory Assets Under Management.

As of December 31, 2020, the Adviser manages approximately \$8,909,879 of client assets on a discretionary basis and \$29,182,095 of client assets on a non-discretionary basis.

## ITEM 5 FEES AND COMPENSATION

Sophis Investments charges clients an annual management fee, ranging from one percent to two percent of assets under management, depending on the client's investment policy mandate. Fees are not negotiable. However, fees are waived for employee accounts and certain family accounts. Other waivers may be granted at the discretion of Sophis Investments.

Clients pay management fees quarterly in arrears. Quarterly payments are based on the value of assets under management on the last business day of the quarter, and are computed at one-fourth of the annual management fee. Generally, for a new client, the fee for the quarter will be pro-rated based upon the number of calendar days in the calendar quarter from the latter of the effective date of the executed agreement or the date the account is funded. Sophis Investments may, at its discretion, agree to accept payment of management fees quarterly in advance. For a terminating client, the fee for the quarter will be pro-rated over the period during which the contract was in effect in accordance with provisions in such client's agreement. For most clients, Sophis Investments calculates, reviews, approves and submits quarterly fees to the custodian, and the custodian deducts the fees directly from the client's custodial account(s), in accordance with client advisory and custodial agreement provisions. However, clients can elect to pay fees via a check or wire.

Sophis Investments also offers certain qualified clients the option to pay a performance-based fee (in lieu of a management fee), equal to 10% to 20% of the net capital increase of a client's account earned over an agreed upon accounting period, typically payable in arrears quarterly. This amount is assessed against any realized and unrealized net profits, subject to a standard loss carryforward provision (i.e. a "high watermark") designed to ensure that any prior losses are recouped before any performance-based fee is payable. The Adviser may waive or reduce the performance-based fee with respect to the capital accounts of any client at its sole discretion.

In addition to any management fees, or performance-based fees, charged by Sophis Investments, clients will incur trading costs and custodial fees (please refer to the *Brokerage Practices* section for more information). To the extent that clients' accounts are invested in mutual funds or exchange-traded funds, those funds pay a separate layer of management fees, trading, administrative, and other expenses which are described in each respective fund's offering documents (i.e., prospectus).

In response to adverse or unusual market, economic, political, or other conditions as determined by the Adviser, Sophis Investments may take temporary defensive positions (e.g., cash) for clients. At these times, clients must be aware that there are less expensive alternatives available for cash management.

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

Sophis Investments accepts performance-based fees from certain, but not all, clients. New clients must be “qualified” as defined by the Securities and Exchange Commission to pay performance fee. A qualified client is an investor that is able to bear the risks associated with performance fee arrangements and has at least \$1 million of assets under management with the Adviser, or a net worth of at least \$2 million. Sophis Investments may charge higher or lower management fees or performance-based fees to its different clients. As a result, the Adviser faces certain conflicts of interest. The Adviser may have an incentive to allocate limited investment opportunities to the clients from whom the greatest performance-based fees may be earned. Additionally, performance-based fees may create an incentive for the Adviser to make investments that carry a higher degree of risk to the client or are more speculative than would be the case in the absence of performance-based fees. Sophis Investments has designed and implemented an allocation policy that addresses these conflicts of interest to ensure all clients are treated fairly and equitably.

**ITEM 7**  
**TYPES OF CLIENTS**

Sophis Investments provides investment advisory and portfolio management services primarily to high net worth individuals, individuals, trusts, estates, endowments, foundations, charitable organizations, pooled investment vehicles, and corporations or other businesses.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### A. Methods of Analysis and Investment Strategies.

Sophis Investments offers a concentrated investment strategy primarily focused on holding a limited number of long equity positions. Sophis Investments employs a largely unconstrained approach that seeks to maximize long-term total returns for clients. For example, Sophis Investments is not constrained by geography, sector, industry, or market capitalization in seeking investment opportunities for clients. Sophis Investments invests primarily in common stock positions and depository receipts (e.g., ADRs), but is permitted to invest in preferred stock, bonds, exchange-traded funds, mutual funds, REITs, foreign securities, and cash in order to execute its investment strategy for clients. Sophis Investments' investment strategy is generally long-term and intended to have relatively low portfolio turnover.

Sophis Investments' investment management strategy for clients is developed and implemented using the following company principles as guidelines:

- Think independently
- Invest in high-return businesses run for the shareholders
- Pay only a reasonable price, even for an excellent business
- Invest for the long-term
- Do not diversify excessively

Generally, Sophis Investments believes that identifying a significant difference between the market value of a security and the intrinsic value of that security is what defines an investment opportunity.

Sophis Investments' primary method of analysis is fundamental research. Typically, this research involves scrutinizing corporate reports, press releases, financial statements, documents filed with the SEC or other regulatory entities, court filings, newspaper, magazine, internet articles, audio or transcripts of conference calls, presentations, conversations with the firm and/or competitors, and third-party research materials.

Sophis Investments' avenues of investment can be broken down into two categories. These categories have different behavior characteristics, and how capital is divided among them will have an important effect on the Adviser's results. The actual percentage division among categories is to some degree planned, but to a great extent, accidental, based upon availability factors.

The first category consists of generally undervalued securities (hereinafter called "generals") where the Adviser has nothing to say about corporate policies and no timetable as to when the undervaluation may correct itself. Sometimes these work out very fast; many times they take years. It is difficult at the time of purchase to know any specific reason why they should appreciate in price. However, because of this lack of glamour or anything pending which might create immediate favorable market action, they are available at very cheap prices. A lot of value can be obtained for the price paid. This substantial excess of value creates a comfortable margin of safety in each transaction. This individual margin of safety, coupled with a diversity of commitments creates a most attractive package of safety and appreciation potential. The Adviser does not go into these generals with the idea of getting the last nickel, but are usually quite content selling out at some intermediate level between its purchase price and what it regards as fair value to a private owner. The generals tend to behave market-wise very much in sympathy with the broad market. Just because something is cheap does not mean it is not going to go

down. During abrupt downward movements in the market, this segment may very well go down percentage-wise just as much as, or more than, the broad market.

The second category consists of “special situations.” These are securities whose financial results depend on corporate action rather than supply and demand factors created by buyers and sellers of securities. In other words, they are securities with a timetable where Sophis Investments can predict, within reasonable error limits, when it will get how much and what might upset the applecart. Corporate events such as mergers, liquidations, reorganizations, spin-offs, etc., lead to special situations. Special situations are expected to produce reasonably stable earnings from year to year, to a large extent irrespective of the course of the broad market. Accordingly, if Sophis Investments operates throughout a year with a large portion of its portfolio in special situations, it may look extremely good if it turns out to be a declining year for the market or quite bad if it is a strongly advancing year.

Tassos Recachinas has final authority to make investment decisions on behalf of clients. Vijay Malik has final authority to make investment decisions on behalf of certain clients. Edward I. O’Brien, Chairman, has final authority to make investment decisions on behalf of certain clients. George V. Merrill, Managing Director & Senior Portfolio Manager, has final authority to make investment decisions on behalf of certain clients.

#### B. Risk of Loss.

All investing involves a risk of loss that clients should be prepared to bear. The investment strategy offered by Sophis Investments could lose money over short and/or long periods of time. Identifying undervalued securities and other assets is difficult, and there are no assurances that Sophis Investments’ investment strategy will succeed. Furthermore, clients may be forced to hold such investments for a substantial period of time and/or liquidate them before realizing any anticipated value. Sophis Investments cannot give any guarantee that it will achieve a client’s investment objectives, that a client will receive a return of their investment or that a client not incur potentially significant losses. Below is a summary of potentially material risks for each significant Sophis Investments’ investment strategy used, the methods of analysis used and/or the particular type of security recommended.

*Dependence on Key Individual* – The management of client portfolios is dependent on the continued service and active investment efforts of Mr. Malik and Mr. Recachinas.

*Lack of Diversification* – The Adviser’s investment strategy will generally hold less than 20 stocks, which means that it may invest a greater percentage of its assets in the securities of fewer issuers. Holding fewer securities may increase volatility of returns.

*Stock Market Risk* – There is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

*Underlying Business Risks* – Investments in securities entails all the risks associated with the underlying businesses, including reliance on a company’s managers and their ability to execute business strategies. In addition, all businesses face risks such as adverse changes in regulatory requirements, interest rate and currency fluctuations, general economic downturns, changes in political situations, market competitions and other factors. Sophis Investments will not have day-to-day control over any company in which it invests for clients.

**ITEM 9**  
**DISCIPLINARY INFORMATION**

Sophis Investments and its employees have not been involved in any legal or disciplinary events that would be material to an evaluation of Sophis Investments or its personnel.

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Sophis Investments is not registered as broker-dealers and does not have any application pending to register as a broker-dealer. The Adviser's Chairman, Edward I. O'Brien III, is registered as a registered representative of an unaffiliated broker-dealer, Alexander Capital L.P. (CRD #: 40077). Sophis Investments' other management persons are not registered as broker-dealers and do not have any application pending to register as a broker-dealer or registered representative of a broker-dealer.

Sophis Investments and its management persons are not registered as, and do not have any application to register as a, futures commission merchant, commodity pool operator, commodity trading adviser or associated persons of the forgoing entities.

Sophis Investments may, from time to time, enter into sub-management or other advisory agreements with other investment advisers.

Sophis Investments and any affiliates are not obligated to devote any specific amount of time to the affairs of any separately managed account. In managing other clients, Sophis Investments and its affiliates may take positions that are different from, or inconsistent with, the positions taken by any other account. Clients will not be entitled to inspect any of the Adviser's affiliate or client trading records.

## **ITEM 11**

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

#### **A. Code of Ethics.**

The Adviser has adopted a code of ethics (“Code of Ethics”), which is designed to foster compliance with applicable federal statutes and regulatory requirements; minimize circumstances that may lead to or give the appearance of conflicts of interest with clients, insider trading or unethical business conduct; as well as promote a culture of high ethical standards. Among other things, the Code of Ethics governs personal securities trading by the Adviser’s personnel, and requires employees to disclose their personal securities holdings and transactions to the Adviser on a periodic basis.

The Adviser also maintains insider trading policies and procedures (the “Insider Trading Policies”) that are designed to prevent the misuse of material, non-public information. The Adviser maintains a “restricted list” that includes, among other things, the names of companies whose securities are subject to a complete ban on sales or purchases because the Adviser has knowledge of material non-public information regarding such companies, as well as the names of companies that the Adviser is activity transacting in or considering for potential investment on behalf of clients. The preclearance process is designed to ensure that personal trading does not occur in securities of companies on the restricted list without prior approval.

In addition, the Adviser’s code of ethics highlights the fiduciary duty that Sophis Investments owes to its clients, including the affirmative duty to act in the best interests of its clients and to make full and fair disclosure of material facts. Sophis Investments expects each supervised person to act with integrity, competence, dignity, and in an ethical manner when dealing with the public, client accounts, investors and prospective investors of the Adviser, service providers and fellow supervised persons. Sophis Investments also expects supervised persons to adhere to the highest standards with respect to any potential conflict of interest with clients.

The Adviser’s personnel are required to certify their compliance with the Code of Ethics, and the Insider Trading Policies, on a periodic basis.

The Adviser’s Insider Trading Policies prohibit the Adviser and its personnel from trading for client accounts or themselves, or recommend trading, in securities of a company while in possession of restricted material, non-public information about the relevant issuer in violation of the law (“Inside Information”). By reason of its various activities, the Adviser may become privy to Inside Information or be restricted from effecting transactions in investments that might otherwise have been initiated. The Adviser has designed and implemented policies in order to comply with the requirements of the federal securities laws relating to insider trading. Among other things, those policies and procedures seek to control and monitor the flow of Inside Information (if any) to and within the Adviser, as well as prevent trading on the basis of Inside Information in violation of the law.

Clients may request a copy of the Code of Ethics by contacting the Adviser at the address or telephone number listed on the first page of this document.

B. Securities in which the Adviser or a Related Person Has a Material Financial Interest.

1. Cross Trades

Subject to certain terms and conditions and to the extent permitted by law and as deemed advisable the Adviser, the Adviser may effect rebalancing or internal cross-transactions among the separately managed accounts. When that happens, one client account purchases securities or other financial instruments held by one or more of the other client accounts or sells securities or other financial instruments to one or more of the other client accounts. The Adviser effects these transactions at a predetermined time, pursuant to a methodology that is intended to result in the corresponding accounts generally holding the securities or other financial instruments being rebalanced on a proportionate basis relative to their respective net asset values, or as otherwise appropriate.

The Adviser may, however, abstain from effecting a cross-transaction or only effect a partial cross-transaction if it determines in its sole discretion that a cross-transaction or a portion thereof is not in the best interests of a client account (for example, because a security or financial instrument is held by such account in the appropriate ratio relative to its net asset value, or because a security or financial instrument should be divested, in whole or in part, by the other account) or as a result of tax, regulatory, risk or other considerations. As a consequence, the portfolio of investments held by any account may at any time differ significantly from those held by the other client accounts.

The Adviser effects these cross-transactions based on then current independent market prices and consistent with valuation procedures established by the Adviser, which may vary from time to time. Neither the Adviser nor any of its affiliates receive any compensation in connection with cross-transactions. In addition, these cross-transactions are generally effected without brokerage commissions being charged.

2. Principal Transactions

To the extent that cross-transactions may be viewed as principal transactions due to the ownership interest in separately managed account by the Adviser and its personnel, the Adviser will either not effect such transactions or comply with the requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended, including that the Adviser will notify the relevant client (or an independent representative of the client) in writing of the transaction and obtain the consent of the client (or an independent representative of that client), and any other applicable law or regulation.

C. Investing in Securities that the Adviser or a Related Person Recommends to Clients.

The Adviser's personal trading policy is described in 11(A).

D. Conflicts of Interest Created by Contemporaneous Trading.

1. Allocations of Trades and Investment Opportunities

It is the policy of the Adviser to allocate new investment opportunities fairly and equitably over time. This means that a proposed investment opportunity will generally be allocated among those client accounts for which participation in the investment opportunity is considered appropriate, taking into account, among other considerations, (a) the risk-return profile of the proposed investment opportunity in light of an account's objectives (whether such objectives are considered solely in connection with the specific investment opportunity or in the context of such account's overall

holdings); (b) the potential for the proposed investment to create an imbalance in an account's portfolio; (c) liquidity requirements of the account or anticipated cash flows (including as a result of subscriptions and redemptions or withdrawals, as applicable); (d) tax considerations; (e) regulatory restrictions that would or could limit an account's ability to participate in the proposed investment opportunity; and (f) any need to resize risk in the account's portfolio.

The Adviser expects to allocate investment opportunities among the separately managed accounts on a proportionate basis pursuant to policies that are intended to result in separately managed accounts advised under the same or similar investment strategy to generally hold, to the extent practicable, similar securities and financial instruments with one another relative to their respective net asset values. However, each account's net asset value, regulatory, tax and other considerations, such as those described above, may contribute to investments differing significantly among accounts, and may further result in allocations among separately managed accounts to be made on a different basis. Similarly, as a result of the considerations described above, an account may increase its exposure to an existing investment position, while other accounts may not participate in such increase, or vice versa.

## 2. Order Aggregation and Average Pricing

The Adviser may, but is not obligated to, bunch orders for the purchase or sale of the same securities for the separately managed accounts of the Adviser and its affiliates, where the Adviser deems this to be appropriate, in the best interests of clients and consistent with applicable regulatory requirements. When a bunched order is filled in its entirety, each participating separately managed account, participates at the average price for the bunched order, and transaction costs are shared pro rata based on each client's participation in the bunched order. When a bunched order is only partially filled, the securities purchased are allocated on a pro rata basis to each client participating in the bunched order based upon the initial amount requested for the client, subject to certain exceptions, and each participating client participates at the average share price for the bunched order on the same day.

## ITEM 12 BROKERAGE PRACTICES

Sophis Investments recommends that clients establish a brokerage account(s) with the Schwab Advisor Services division of Charles Schwab & Co. Inc. (“Schwab”) or Pershing Advisor Services LLC, a BNY Mellon company (“Pershing”) for custody and brokerage services. Although Sophis Investments recommends that clients establish accounts at Schwab and Pershing, it is the client’s decision where to custody assets. Sophis Investments is independently-owned and operated and not affiliated with Schwab or Pershing.

Sophis Investments places trades for client accounts subject to its fiduciary duties, including the duty to seek best execution for clients’ securities transactions. Sophis Investments has authority to use broker-dealers other than Schwab or Pershing to execute trades for client accounts maintained at Schwab or Pershing, but this practice may result in additional costs to clients; therefore, Sophis Investments is more likely to place trades through Schwab or Pershing rather than other broker-dealers. Schwab or Pershing’s fee schedules may be higher, but not significantly so, than those available from other brokers for similar services.

For Sophis Investments’ client accounts maintained by an independent custodian, such custodians generally does not charge separately for custody, but are compensated by account holders through fees for additional services, such as wire fees, when applicable. Clients that custody assets outside of Schwab or Pershing may pay higher fees and charges for transactions, and may not get the most favorable execution of their transactions.

Sophis Investments does not maintain a formal soft dollar arrangement with any brokers. Schwab and Pershing provide Sophis Investments with access to its institutional trading and operations services including software and other technology not typically available to their retail customers. These services are generally available to Sophis Investments according to a pricing schedule based upon Sophis Investments’ expectation that clients would place a specified dollar amount of assets in accounts within a specified period of time. Access to these services is not based on client commissions paid to Schwab or Pershing. Receipt of products and/or services may create an incentive for Sophis Investments to recommend Schwab or Pershing and may be viewed as a conflict of interest. To mitigate potential conflicts, Sophis Investments conducts a periodic best execution review that includes an assessment of the pricing and services received from Schwab or Pershing.

Sophis Investments’ policy is to treat all clients fairly and equitably with respect to the aggregation and allocation of orders. Sophis Investments generally aggregates orders for client accounts for trade execution with the same broker. When orders are aggregated, each participating account will be allocated securities on an average price basis and pay their share of transaction costs. As described above in the *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* section, it is anticipated that all accounts managed by Sophis Investments pursuant to the same investment policy or mandate will have a substantially similar percentage of assets in each security. Instances in which client account orders may not be aggregated include, but are not limited to, the following:

- Transactions of similar securities are executed at different brokers.
- Client imposed investment objectives or restrictions do not allow for participation in an order;
- The timing of actual or anticipated capital additions or withdrawals by clients; and/or
- Sophis Investments decides not to aggregate an order(s) because of tax, legal, regulatory, market conditions, or administrative reasons.

On occasion, if an order is partially filled, participating accounts will receive a pro rata average priced allocation of the order, and Sophis Investments will seek to complete any unfilled orders on the next trading day. A partial fill order that is fully filled over multiple days may result in multiple transaction charges; Sophis Investments, however, expects partial fill orders to occur from time to time, and such orders should not have a material effect on clients' account performance. In certain instances (e.g., new accounts, terminating accounts, add-on capital, partial withdrawals), Sophis Investments may purchase or sell securities for client accounts when other client accounts are not purchasing or selling the same security.

### **ITEM 13**

#### **REVIEW OF ACCOUNTS**

Sophis Investments' principals monitor and review client portfolios on a periodic basis. In addition, the Adviser reviews all trade transactions to ensure such transactions have been executed properly and correctly recorded into client accounts. At least once a month, Sophis Investments reviews all client accounts to assess position sizes, the level of cash holdings, portfolio composition, and client specific developments. Client capital contributions, withdrawals, and company or stock specific events may trigger additional reviews of client accounts.

Schwab and Pershing provide clients with written custodian statements on at least a quarterly basis, which report investment activity and holdings of their account(s). Additionally, Sophis Investments sends separate investment reports to clients on at least a quarterly basis. Sophis Investments' principals are available to clients for consultation and, at least annually, Sophis Investments will contact each client, in writing, with a request to notify the firm if their financial situation or investment objectives have changed, and whether the client wishes to request, modify, or eliminate any reasonable investment restrictions on their account(s).

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

Please refer to the *Brokerage Practices* section above for disclosure about benefits made available to Sophis Investments by Schwab and Pershing. Sophis Investments does not directly or indirectly compensate any person that is not a supervised person for client referrals.

## **ITEM 15 CUSTODY**

Sophis Investments does not maintain physical custody of clients' assets, and does not accept or have custody of client assets, as defined by Rule 206(4)-2 under the Advisers Act. All client assets are held in custody by unaffiliated broker/dealers or banks. Most clients authorize Schwab and Pershing to pay investment advisory and related fees from the client's account(s) in the amount of Sophis Investments' instruction, based on the advisory contract. For such accounts, Schwab and Pershing send custodian statements directly to the account owners on at least a quarterly basis. Additionally, Sophis Investments sends separate investment reports to clients on at least a quarterly basis. Clients should carefully review their custodian statement(s), and should compare these statement(s) to any account information provided by Sophis Investments.

It is the policy of the Adviser to not have or take custody of client funds or securities, except to the extent that such custody is solely as a consequence of (i) the firm's authority to make withdrawals from client accounts to pay advisory fees, and/or (ii) the firm's authority to disburse funds as specifically designated by a client pursuant to a standing letter of instruction or other similar asset transfer authorization arrangement established by a client with a qualified custodian ("SLOA").

To the extent that the Adviser is deemed to have custody of client funds and securities solely as a consequence of its authority to disburse funds as specifically designated by a client pursuant to a standing letter of instruction or other similar asset transfer authorization arrangement established by a client with a qualified custodian (SLOA), the Adviser may enter into such an arrangement so long as: (i) the client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed; (ii) the client authorizes the Adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time; (iii) the client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer; (iv) the client has the ability to terminate or change the instruction to the client's qualified custodian; (v) the Adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction; (vi) the Adviser maintains records showing that the third party is not a related party of the Adviser or located at the same address as the Adviser; and (vii) the client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

**ITEM 16**  
**INVESTMENT DISCRETION**

Sophis Investments provides investment advisory services to certain clients on a discretionary basis in a manner consistent with each separately managed account's investment objectives, parameters and restrictions, as set forth in the managed account agreement of the account. In providing discretionary investment advisory services, Sophis Investments generally supervises and manages the account's portfolio and makes investment decisions without consulting the client.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

Sophis Investments accepts authority to vote proxies for clients' securities holdings. In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Sophis Investments has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Sophis Investments receives will be treated in accordance with these policies and procedures.

Sophis Investments' policy is to vote proxies in the best interests of its clients. Sophis Investments may choose not to vote proxies in certain situations, including where the Adviser deems the cost of voting would exceed any anticipated benefit to clients. Sophis Investments' written proxy policies and procedures require the Adviser to identify and address material conflicts of interest between Sophis Investments and its clients. If a material conflict of interest exists, Sophis Investments will determine whether voting in accordance with the guidelines set forth in written policies and procedures is in the best interests of the client(s), or take some other appropriate action (e.g., retain an independent third party to vote the proxy). Sophis Investments may abstain or affirmatively decide not to vote a proxy where Sophis Investments believes it is in the best interest of clients.

Clients may obtain a copy of Sophis Investments' proxy voting policies and/or information regarding how the Adviser voted proxies for particular portfolio companies by contacting the Adviser.

**ITEM 18**  
**FINANCIAL INFORMATION**

Sophis Investments has never filed for bankruptcy, does not require or solicit prepayment of fees six months or more in advance, is not required to include a balance sheet for its most recent fiscal year and is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients.

## ITEM 19

### REQUIREMENTS FOR STATE-REGISTERED ADVISERS

#### A. Identity of Principal Executive Officers and Management Persons.

Tassos D. Recachinas, CFA, serves as Managing Member of Sophis Investments LLC, which he founded in 2008. From 2007 to 2008, Mr. Recachinas served as an Investment Analyst at Pirate Capital LLC, where he ultimately directed investment research and was the sole investment professional alongside the portfolio manager overseeing \$800 million in assets across four fund portfolios. During and following his tenure at Pirate, Mr. Recachinas has worked directly with multiple-million to multiple-billion dollar companies spanning a broad array of industries to implement operational improvements, cost reductions, financial restructurings and other strategic alternatives to maximize shareholder value. From 2005 to 2006, he served as a Research Associate at Raymond James & Associates, and was responsible for providing institutional equity research coverage on defense and technology securities. Mr. Recachinas also served as Director of The Allied Defense Group, a multinational defense company, as well as a member of the board's Strategic Review and Compensation committees.

Mr. Recachinas was born in Washington D.C. in 1983 and raised in Fairfield, CT. He earned a B.S. Mechanical Engineering, concentration in Aerospace Engineering, *summa cum laude* from The George Washington University. He was a member of the university's Honors Program, and spent one year at The University of Oxford, Pembroke College. Mr. Recachinas is a CFA® charterholder.

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Vijay S. Malik is an Investment Adviser Agent of Sophis Investments LLC since October 31, 2014. Sophis Investments LLC conducts business under the trade name Rational Investors. From 2005 to 2006, Mr. Malik was an associate and assistant to the Chief Operating Officer of World Trade Center owner Silverstein Properties. From 2006 to 2007, he served as an analyst at Holliday Fenoglio Fowler, L.P. and associate at Tishman Speyer Properties. Since 2008, Mr. Malik attended law school and managed investment portfolios for himself and his family. In July, 2011, Mr. Malik incorporated Malik Asset Management, LLC, a Virginia exempt investment adviser. Mr. Malik joined Check Capital Management, an SEC-registered Investment Adviser, in September, 2012, but returned to managing investment portfolios for himself and his family shortly thereafter. From 2013 to 2016, Mr. Malik was General Manager of Everest Group LLC, a private holding company in Omaha, NE. From January, 2017 to November, 2017, Mr. Malik served as a director of Holliday Fenoglio Fowler, L.P., a real estate capital intermediary, in Washington, D.C.

Mr. Malik was born in Richmond, Virginia in 1982. He earned an undergraduate degree from Brown University and law degree from Creighton University.

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Edward I. O'Brien III is Chairman of Sophis Investments LLC since September 29, 2017. From 1981 to 2000, Mr. O'Brien worked at Prudential Securities Inc. (CRD#: 7471), where he became Senior Vice President. From 2000 to 2002, Mr. O'Brien served as Senior Vice President & Fixed Income Sales Manager at Advest, Inc. (CRD#: 10). From 2002-2009, Mr. O'Brien served as Executive Vice President and eventually Member of the Management Committee at Keefe, Bruyette & Woods, Inc. (CRD#: 481). From 2010 to 2013, Mr. O'Brien, served as Managing Director & Fixed Income Sales Manager at Guggenheim Securities, LLC (CRD#: 40638). From 2013 to 2017, Mr. O'Brien served as Senior Vice President & Fixed Income Specialist at M&R Capital Management, Inc. (CRD#: 110472), an SEC-registered investment adviser.

Mr. O'Brien was born in New York, NY in 1958. He earned an undergraduate degree from Fordham University.

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Walter Edward (Skip) Auch, Jr. is an Investment Adviser Agent since July 9, 2018. From 1972 to 1981, Mr. Auch worked at Paine, Webber, Jackson & Curtis, Inc. (CRD#: 640), where he became Vice President, Syndication and then Floor Manager on the New York Futures Exchange, where he became a member of that Exchange's first Board. In 1981, Mr. Auch served as Vice President at Thomson McKinnon Securities (CRD#: 829), and then as Vice President, Underwriting and Syndication at Kidder Peabody & Co. Inc. (CRD#: 7613) until 1983. From 1987 to 1988, Mr. Auch served at Citicorp Securities Markets, Inc. (CRD#: 7474) as part of its fixed income sales and trading training course. From 1984 to 1989, Mr. Auch served as assistant to the President at PaineWebber Inc. (CRD#: 8174) and White Plains, NY Branch Manager. From 1991 to 1997, Mr. Auch served as a Representative of Nutmeg Securities (CRD#: 18975). From 1999 to 2001, Mr. Auch served as Vice President at FSC Securities Corporation (CRD#: 7461). From 2003 to 2004, Mr. Auch served as Vice President at Nutmeg Securities (CRD#: 18975). From 2006 to 2007, Mr. Auch served as an Investment Executive at Searle & Co. (CRD#: 13035). In 2009, Mr. Auch served as Vice President at veteran-owned Drexel Hamilton LLC (CRD#: 143570), and then as Vice President at Midtown Partners (CRD#: 104223) until 2013. From 2013 to 2016, Mr. Auch served as Senior Vice President at Herbert J. Sims & Co. Inc. (CRD#: 3420).

Mr. Auch was born in New York, NY in 1945. Prior to entering the securities business, Mr. Auch served as a commissioned Officer (1 Lt.) in the Republic of Viet Nam and Fort Leonard Wood, Missouri with the United States Army. Mr. Auch earned a Masters of Business Administration (MBA) from New York University in 1982 and a B.A. from Ohio Wesleyan University in 1968.

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George V. Merrill is an Investment Adviser Agent, Managing Director and Senior Portfolio Manager of Sophis Investments LLC since January 15, 2021. From 2012 to 2021, Mr. Merrill served as a Senior Vice President and Senior Portfolio Manager at M & R Capital Management, Inc. From 2000 to 2012, Mr. Merrill served as Vice President and Senior Portfolio Manager at The Bank of New York Mellon, where he was also a member of the bank's Personal Asset Management Equity Investment Committee. Prior thereto, Mr. Merrill was a Vice President, Senior Portfolio Manager, and member of the Stock Selection Committee at Northern Trust Corporation. Mr. Merrill is a licensed attorney currently admitted to the Bar of the State of New York.

Mr. Merrill was born in New York City. He earned an undergraduate degree *magna cum laude* from Harvard College; a JD from Harvard University Law School, and an MBA from Columbia University.

**B. Other Business.**

The Adviser is not actively engaged in any business other than giving investment advice.

**C. Calculations of Performance-Based Fees.**

Sophis Investments may from time to time be paid a performance-based fee equal to a certain percentage, typically 10%, of the net capital increase of a client's account earned over an agreed upon accounting period. This fee is typically payable in arrears, typically annually or quarterly, as agreed

upon by the Adviser and client. The amount of any account net capital increases (and net decreases) are determined by taking into account the total price appreciation earned on the account assets, including all realized and unrealized capital gains and losses, as well as dividend income and net interest income for the period. Performance-based fees are subject to a standard loss carryforward provision (i.e. a “high watermark”) designed to ensure that any prior losses are recouped before any performance fees are payable.

The Adviser accepts performance-based fees from certain, but not all, clients. Furthermore, the Adviser may charge higher or lower management fees or performance-based fees to its different clients. As a result, the Adviser faces certain conflicts of interest. The Adviser may have an incentive to allocate limited investment opportunities to the clients from whom the greatest performance-based fees may be earned. Additionally, performance-based fees may create an incentive for the Adviser to make investments that carry a higher degree of risk to the client or are more speculative than would be the case in the absence of performance-based fees. The Adviser has designed and implemented an allocation policy that addresses these conflicts of interest to ensure that all clients are treated fairly and equitably.

D. Material Regulatory Matters.

Neither the Adviser nor its management persons have been involved in any material regulatory matters.

E. Relationships with Issuers of Securities.

The Adviser does not have any relationship or arrangement with any issuer of securities.