

## Item 1 - Cover Page



Part 2A Appendix 1 of Form ADV:  
*EQIS Capital Wrap Fee Program Brochure*

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This Wrap Fee Program brochure provides information about the qualifications and business practices of EQIS Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 949-9936 or [support@eqiscapital.com](mailto:support@eqiscapital.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 EQIS Capital Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. EQIS Capital Management, Inc.'s CRD number is 126052.

Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

This “Item 2 - Material Changes” summarizes material changes since the previous annual updating amendment dated March 30, 2020. This Brochure replaces the firm’s prior Brochure as of the effective date noted on the cover page.

There have been no material changes since the previous annual updating amendment.

## **Item 3 - Table of Contents**

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## Item 4 - Services, Fees and Compensation

### **PROGRAM SUMMARY:**

EQIS Capital Management, Inc. ("EQIS") offers the EQIS Wrap Fee Program through a turnkey asset management platform (the "Platform"). Independent and unaffiliated registered investment advisers ("Introducing Firms") introduce clients ("Clients") to EQIS through the Introducing Firm's financial professionals ("FPs") to participate in one or more of the programs available under the EQIS Wrap Fee Program.

The EQIS Wrap Fee Program currently consists of two programs (together, the "Programs"), the EAS-E Model Suite (the "EAS-E Program") and the Co-Advised Service Type (the "Custom Program"). With both Programs each Client establishes an account ("Account") with Folio Investments, Inc. (the "Account Custodian") and a Client's Account is invested in accordance with the target asset class weightings of the applicable model in portfolios and strategies managed by various third party sub-advisers (the "Sub-Adviser") or by EQIS ("EQIS Portfolios") and in mutual funds, exchange traded funds ("ETFs") and exchange traded products ("ETPs").

Once a Client (or the FP on behalf of the Client) selects a Program, using information provided by the Client, including the Client's risk tolerance, the proposal generation system generates an investment proposal for the Client that identifies a model from either the EAS-E Program or the Custom Program. Each model within the EAS-E Program includes target asset class allocation weights and recommendations regarding the Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs to represent each asset class in the model. Each custom model includes target asset class allocation weights and the Client, together with the FP, can revise the asset allocation weights and select the Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs to represent each asset class in the model. The Client's risk tolerance may be identified by the FP in consultation with the Client or by using the results of the Client's Risk Tolerance Questionnaire ("RTQ") which may be completed as part of the investment proposal. Risk tolerance categorizes the Client's investment risk appetite into one of five risk categories ranging from conservative to aggressive. Other factors considered when generating a proposed model include the individual needs of the Client, the Client's income, age, net worth, any restrictions the Client wishes to place on the account, and such other factors as may be applicable and provided by the Client or their FP.

**EAS-E Program:** Under the EAS-E Program, a Client's account is managed by EQIS in accordance with a designated EQIS asset allocation model. As a part of the EAS-E Program, there are two sub-programs offered, the EAS-E UMA Model and the EAS-E ETF Model Sub-Programs. The

EAS-E UMA Models are composed of multiple Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs. The EAS-E ETF Models are composed only of ETFs and/or ETPs. Each of the offerings under the EAS-E Program is designed to offer broad diversification and to seek long-term risk-adjusted returns. Each sub-program type is available in five risk categories, from conservative to aggressive. Clients may impose certain investment restrictions, but these restrictions may be limited.

Custom Program: Under the Custom Program, a Client's FP customizes the proposed model for the Client's Account and EQIS and the FP manage the Account as co-advisers. As part of the Custom Program, there are two sub-programs offered, the Managed ETF Portfolio and the UMA-Custom Portfolio Sub-Programs. With the Managed ETF Portfolios, the FP customizes the target asset class weightings for the model and EQIS selects the ETFs and/or ETPs for each applicable asset class in the model. With the UMA-Custom Sub-Program, the FP customizes the target asset class weightings for the model and/or selects the Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs to represent each applicable asset class in the model. FPs are limited to selecting the Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs available through the Programs and may not otherwise select individual securities for the Client Accounts. Clients may impose certain investment restrictions, but these restrictions may be limited.

With both Programs, the FPs serve as the liaison between EQIS and the Clients and are responsible for gathering and communicating the Clients' financial information, risk tolerance and investment objective to EQIS. The FPs contact the Clients at least annually to confirm the appropriateness of the asset allocation model utilized for their Accounts and to identify any changes that may need to be made to the Clients' investment objectives or needs. The FPs communicate to EQIS any changes to the Clients investment objectives or needs as applicable.

EQIS manages each Account and each Client grants EQIS discretionary authority to enter trades for the Account and to make changes to the target asset allocations for the Account taking into consideration the Client's investment objectives or any restrictions placed on the Account by the Client. Additionally, a Client may grant its FP a limited power of attorney ("LPOA") which would authorize EQIS to accept instructions directly from the FP regarding trading for the Account and disbursements from the Account payable to the Client. Each LPOA provides that it may be revoked by the Client at any time.

Each Sub-Adviser provides EQIS with its initial security allocation and continuously updates EQIS with its recommended changes to the security allocations. In some cases, the Sub-Adviser provides its initial security allocation and continuous updates directly to the Account Custodian,

and in those instances, EQIS will review the initial security allocation and all changes effected by the Account Custodian retroactively.

Depending on the underlying securities comprising an Account, some Accounts may have minimum investment amounts or limitations on trades that can be executed.

FPs may provide additional or other services to their clients which are not described in this Wrap Fee Program Brochure. Clients should read and review the Introducing Firm's brochure for information regarding services provided by the Introducing Firm.

### **STATEMENTS & REPORTS:**

Clients will receive all custodial statements at least quarterly and trade confirmations directly from the Account Custodian and will also receive monthly performance reports from EQIS. Clients will have access to Account information and reporting through the Account Custodian's website and will also have access to their Account information through the Platform. When establishing an Account, EQIS provides all Clients a "virtual filing cabinet" which contains electronic copies of performance statements, account opening documents and other statements and disclosures created by or provided to EQIS. Clients may consent to receive all notices, documents, and other information related to their Account electronically. Clients who do not consent to electronic delivery of documents may incur additional fees. Clients are advised to carefully compare the information provided by EQIS with the official records provided by the Account Custodian.

### **PROGRAM FEES\*:**

EQIS charges each Client an annual fee (the "Program Fee") that covers the costs of administering the Program as well as the fees of the Sub-Advisers and certain custody fees. The Program Fee is calculated as a percentage of the average daily balance of the Client's Account and is paid monthly in arrears. The average daily balance of the Client's Account is calculated using the closing market value of the Account for the days in which the securities markets were open for the month. In the absence of a specific market value for any security, the fair market value for that security will be used.

The Program Fee is tiered, meaning each tranche of the Account value will be assessed the corresponding fee based on the below scale. Program Fees are directly debited from the Account and paid to, or as directed by, EQIS. For Clients with more than one Account, typically each Account is mutually exclusive for purposes of calculating and debiting the Program Fee.

| Account Value            | EAS-E UMA Model and<br>UMA-Custom<br>Sub-Program Fee<br>Percentage** | Managed ETF Portfolio<br>Sub-Program Fee<br>Percentage | EAS-E ETF Model<br>Sub-Program Fee<br>Percentage |
|--------------------------|--|--|--|
| First \$250,000          | 1.00%  | 0.75%  | 0.48%  |
| Next \$250,000           | 0.90%  | 0.65%  | 0.48%  |
| Next \$1,500,000         | 0.80%  | 0.55%  | 0.48%  |
| Next \$3,000,000         | 0.70%  | 0.45%  | 0.48%  |
| Amounts over \$5,000,000 | 0.60%  | 0.35%  | 0.48%  |

\* The chart reflects the standard fee schedule. EQIS may enter into arrangements with certain Introducing Firms pursuant to which EQIS increases the Program Fee charged to Clients by up to 15 basis points (0.15%) and pays a portion of such Program Fee to the Introducing Firms. The specific Program Fee charged to a Client is set forth in the Client's Application.

\*\* If a Client and their FP select the UMA-Custom Sub-Program and an Account invests only in ETFs and ETPs, the percentage charged for purposes of the Program Fee is determined based on this scale.

EQIS pays a portion of the Program Fee to the Account Custodian for the provision of custody, clearing and other services.

EQIS pays a portion of the Program Fee it receives with respect to a Client to the applicable Sub-Advisers for the Client's Account. If an EAS-E UMA Model Sub-Program selected for a Client's Account includes an allocation to one or more EQIS Portfolio(s), EQIS retains more of the Program Fee than would be the case if the EAS-E UMA Model Sub-Program only allocated to Sub-Advisers (and mutual funds, ETFs and/or ETPs). This creates a conflict of interest because EQIS has an incentive to develop EAS-E UMA Models that include EQIS Portfolios. To address this conflict, if an Account is invested in accordance with an EAS-E UMA Model, EQIS will reduce the Program Fee charged to the Client by the weighted percent of the EAS-E UMA Model allocated to the EQIS Portfolio(s).

#### Introducing Firm Fee:

The Introducing Firms charge Clients a separate fee ("FP Fee") which is negotiated between the Client and the Introducing Firm and deducted from the Client's Account. The FP Fee will not

exceed 1.5% of the Account value per annum. Clients should review their Introducing Firm's brochure and other disclosure documents for information regarding the fees charged. The FP Fee is calculated as a percentage of the average daily balance of the Client's Account and is paid monthly in arrears. The FP Fee is calculated by EQIS, EQIS instructs Folio to deduct the FP Fee from the Client's Account and EQIS processes the payment of the FP Fee to the applicable Introducing Firm.

### Other Fees and Expenses:

In addition to the Program Fee and FP Fee, a Client will bear additional fees and expenses charged by the Account Custodian and will bear the fees and expenses of any mutual funds, ETFs and ETPs in which the Client's Account is invested. The Account Custodian will charge ancillary fees for certain administrative services and for certain additional services (depending on the services the Client receives from the Account Custodian) including, check writing fees, outgoing transfer fees, annual charges for qualified accounts, special trade charges, and transaction fees assessed by any securities exchange or regulator. Clients are advised to review the Account Custodian's fee schedule for additional fees applicable to the Account. Clients should review and understand their custodial agreement and statements provided by the Account Custodian and immediately notify their FP or EQIS if a discrepancy is discovered.

Certain investment vehicles such as mutual funds, ETFs, ETPs and other exchange traded issues may include additional expenses charged by the product sponsor or issuer. Clients should review the prospectus and/or other disclosure documentation regarding any mutual funds, ETFs and ETPs in which their Account is invested for information regarding the internal fees or other charges which will be assessed against the Account or investment vehicle.

The fees paid to participate in the Programs may exceed the aggregate cost of such services if they were to be provided separately to Client and not combined within the Program.

### **CUSTODY, CLEARING & TRADING:**

Each Client must enter into an agreement with the Account Custodian. There is no affiliation between EQIS and the Account Custodian. The Account Custodian is a broker-dealer and FINRA member and executes transactions, maintains custody of assets, and provides other brokerage, custodial, and recordkeeping services to Clients. In order to manage the Account, the Client also must grant to EQIS the authority to instruct the Account Custodian to take certain actions, including executing trades and executing other instructions as may be provided by Client or the FP if so authorized.

### Best Execution:

When trades are executed for an Account, the Account Custodian determines the broker-dealer used and where to direct trades. EQIS reviews the Account Custodian's quality of execution reports for trends and red flags. EQIS does not determine the broker-dealer to be used, direct where trades are to be executed, or utilize other brokers-dealers on behalf of its Clients. Not all wrap programs require Clients to use a particular custodian or broker dealer. Appointment of the Account Custodian as the exclusive broker-dealer for the Account may result in certain costs and disadvantages.

### Trade Windows:

Trade orders are submitted to the Account Custodian throughout the day for execution. The Account Custodian collects trade orders until its window trade deadline which occurs one or more times per trading day. Trade windows are intended to provide economies of scale to trade execution but may result in a more or less advantageous execution prices due to timing.

Clients may request to trade in their Account outside of a trade window. The cost of non-trade window trades is not included in the Program Fee and will be billed as a separate additional trade cost. Clients are advised to review the Account Custodian's trade costs as may be applicable to trades executed outside a trade window.

### Fractional Shares:

Through the relationship with the Account Custodian, Clients transact in fractional shares allowing Accounts to participate in a percentage allocation as defined and recommended by the Sub-Adviser or, in the case of the EQIS Portfolios, EQIS. The Account Custodian has the ability to fractionalize an individual security to the 5th decimal place.

### Order Aggregation and Allocation:

The Account Custodian aggregates transactions within trade windows by bundling orders of the same symbol and side (buy/sell). When securities are bought and/or sold in an aggregated order, the Client receives the average price of the executed aggregated order. Once executed, the aggregated order is allocated among the participating Accounts. Participating Accounts will be allocated a percentage of shares based on their original dollar-based order. Share quantities are derived from the final average price per share. As a result of rounding in this process, Clients may receive de minimis percentage allocation differences. If an aggregate trade cannot be completed in its entirety, the predetermined allocation will be adjusted pro-rata across the

participating Accounts.

### Trade Thresholds:

EQIS and/or the Account Custodian may establish trade thresholds in which one or more positions may not be traded. The threshold per transaction may be a dollar and/or a percentage threshold and is currently set at \$10.00 per transaction. Situations may arise when the position slated to be bought or sold is too small per the trade threshold, in the determination of the Account Custodian, to execute. The dollar threshold is the minimum dollar amount a trade must meet before the trade for that position will be executed. The percentage threshold is the minimum percentage by which the current weight of a security, as determined by the target allocation, deviates before an order will be placed. The trade thresholds will cause some Accounts to experience dispersion when compared to other accounts assigned the same Portfolio.

### Dispersion:

“Dispersion” is the difference between two similar investment portfolios and can be caused by, among other factors, slightly different holdings or percentage holdings in one Account versus another Account utilizing the same model. Dispersion among Accounts can occur because of the combination of each Client’s assets being held directly in their own Account and the differences between Account size, Client additions or withdrawals, Client imposed restrictions, and trade thresholds, among other factors. Dispersion may affect the performance a Client experiences compared to the model portfolio or other Clients.

EQIS undertakes efforts to mitigate dispersion by: (i) periodically reviewing and monitoring Accounts, and (ii) where appropriate, rebalancing accounts to reduce the impact of dispersion.

## **Item 5 - Account Requirements and Types of Clients**

### **MINIMUM ACCOUNT REQUIREMENTS:**

Participation in the Program is subject to certain minimum account requirements. A minimum Account value of \$25,000 is generally required to participate in the Program. This minimum may be negotiated or waived under certain circumstances. Participants of a plan that makes the Programs available may establish an Account with a minimum as low as \$1.00 if permitted by plan.

Clients can make subsequent contributions at any time. Subsequent contributions will be held in

cash until such time as there is a minimum of \$1,000 to reallocate into the designated asset classes within the Account (notwithstanding the lower threshold for trading); contributions under \$1,000 are reviewed monthly. Subsequent contributions may result in a deviation from target weights of the strategy depending upon the dollar amount and time when such subsequent contributions are made.

### **TYPES OF CLIENTS:**

The Program is offered primarily to retail Clients such as individuals, trusts, and business accounts. In limited situations, the Programs may be made available to institutional investors or other program sponsors.

The Program is designed to manage Accounts based on the individual needs of the Client, as assessed by the Client's FP and/or EQIS based upon the Client's risk tolerance and investment objective as indicated on the Account Application or subsequent updates to the Client's information.

### **Client Information:**

Information provided by Clients is critical for FPs and EQIS to determine an appropriate model for the Client. A Client's initial allocation is determined by information provided by the Client and the Client must inform the FP, who in turn will inform EQIS, of any changes which occur in a Client's investment objectives, timeline, risk tolerance or liquidity which may affect the appropriateness of the initial model selected.

### **Terminating the Account Agreement between Client and EQIS:**

A Client's participation in the Programs may be terminated at any time, by either Client or EQIS, for any reason upon receipt of written notice. Upon termination, unpaid fees and expenses for any unbilled portion of a month will be collected prior to disbursement of funds to the Client.

### **Terminating the Relationship between Client and FP:**

Under certain circumstances, a Client may choose to terminate their relationship with an Introducing Firm or a specific FP or the FP may choose to no longer service a Client's Account. After EQIS receives notice of termination of the Introducing Firm or the FP, the Account will not be assessed the FP Fee unless the Introducing Firm and Client agree to the appointment of another FP for the Client's Account. However, the Account will be assessed the Program Fee. When an agreement is terminated, Clients are advised to establish a relationship with a new FP

to ensure continued supervision of the Account.

ERISA Accounts:

EQIS may serve in one or more capacities as a fiduciary pursuant to certain regulations issued pursuant to the Employee Retirement Income Securities Act (“ERISA”) or the Internal Revenue Code of 1986 as well as rules and regulations as may be promulgated by the Department of Labor (“ERISA Accounts”). As such, EQIS is subject to certain duties and obligations which include among other things, the accurate and transparent disclosure of fees and Program expenses, restrictions concerning certain forms of compensation and other prohibited transactions. ERISA Accounts will typically not include assets that result in commissions or pay related 12b-1 fees. If for some reason an ERISA Account holds an asset that has such fees, the fees will be used to offset the Program Fee. EQIS does not provide administrative or recordkeeping services to ERISA plans nor does it provide individualized investment advice to plan participants.

## **Item 6 - Portfolio Manager Selection and Evaluation**

**PORTFOLIO MANAGER SELECTION:**

The Programs include allocations to Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and ETPs. The EQIS Investment Committee is responsible for conducting research and due diligence, approving and removing Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and ETPs available for investment by the Accounts and for general supervision and oversight of the Programs.

Sub-Adviser Selection:

In selecting Sub-Advisers, EQIS conducts a comprehensive due diligence review, including the Sub-Adviser’s investment process, risk controls, organizational stability, operational rigor, strategy fit, and performance history. Sub-Advisers typically must have a minimum period of live performance history to be considered for inclusion. EQIS researches each Sub-Adviser’s security analysis and portfolio construction methods to ensure the methods are consistent and appropriate for the applicable asset class.

EQIS selects which of the Sub-Adviser’s strategies to include in the Programs. In considering which strategies to include, EQIS reviews the investment objective, asset class, track record, risk profile, and risk adjusted return for the strategy relative to the Sub-Adviser’s peer group.

### EQIS Managed Portfolios:

As described in Item 4 above, the Programs include portfolios managed by EQIS. These EQIS Portfolios cover the spectrum of asset classes (domestic large-, mid-, and small-cap equities, international equities, domestic and international fixed income, etc.) to offer broad market exposure as well as more narrowly focused portfolios covering more specialized asset classes or tactical strategies (sectors, regions, socially responsible, commodities, market neutral, etc.) EQIS includes these EQIS Portfolios in the Program to ensure there is a full suite of investment options available to represent the asset classes in the models. EQIS does not apply the same manager selection process for its proprietary EQIS Portfolios as for third-party Sub-Advisers.

### EAS-E Program:

The Investment Committee is responsible for the design and management of the EAS-E Program. The EAS-E UMA Model Sub-Program is comprised of multiple Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs diversified across multiple asset classes. The EAS-E ETF Sub-Program is comprised of only ETFs and/or ETPs. The EAS-E Program is designed to offer a complete portfolio allocation with broad diversification and seek to provide long term risk-adjusted returns.

The Investment Committee selects the Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs for each asset class within the EAS-E Program based on their individual strengths as well as the expected effect of combining the selected Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs. For example, EQIS may select an EQIS Portfolio in large cap equities to complement a high-volatility Sub-Adviser selected for mid-cap equities, or vice versa.

### Changing or Replacing Sub-Advisers and Portfolios:

The Investment Committee conducts ongoing oversight over Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs included in the Programs and may add, remove, or replace Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs at any time in its discretion. The Investment Committee may determine that a Sub-Adviser, EQIS Portfolio, mutual fund, ETF or ETP is no longer appropriate to be included in the Programs. Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and ETPs may be replaced for any of a variety of qualitative and quantitative reasons including, but not limited to, underperform relative to their benchmark, peers, asset class and/or equity style, a change in the investment style or processes employed by the Sub-Adviser or a change in key personnel. There may be occasions when the Investment Committee removes or replaces a Sub-Adviser, EQIS Portfolio, mutual fund, ETF or ETP from the

EAS-E Model Program in its overall management of the EAS-E Model Program but retains the Sub-Adviser, EQIS Portfolio, mutual fund, ETF or ETP in the Custom Program.

### **CALCULATING PERFORMANCE:**

EQIS calculates daily Account returns based on the change from the prior day's Account value at the close of the prior trading day (generally following New York Stock Exchange trading hours) to the next day's closing Account value, accounting for deposits and withdrawals. EQIS further calculates monthly returns using the geometric series of daily returns for the days in which the securities markets were opened for the month.

For EQIS's use when evaluating the Sub-Advisers, among other potential uses, Sub-Advisers provide their performance data to EQIS, directly or indirectly via a data aggregation service. The Investment Committee further compares this performance data to the performance experienced by Clients to identify unexpected dispersion. The Investment Committee expects Accounts to experience a nominal degree of dispersion due to a variety of factors including Account size, trading minimums, cash flows, and exclusions. If the performance with respect to any month diverges by more than this nominal amount, the Investment Committee will initiate a discussion with the Sub-Adviser to understand the reason for the dispersion.

### **ADVISORY BUSINESS:**

EQIS offers advisory services specifically related to the Programs. Individually tailored advice for a Client is generated based on the Client's risk tolerance, investment objective, income, age, net worth, any preferred investment restrictions, and other applicable factors as provided by the Client or their FP. Clients can also place reasonable restrictions on the types of investments to be made through their Accounts but such restrictions may be limited. Clients can choose to exclude individual securities and they may choose from EQIS's available sector exclusions.

### **Wrap Fees:**

See Item 4 above for a discussion of fees charged to Clients.

### **Performance-Based Fees and Side-By-Side Management:**

EQIS does not participate in gains achieved in Client Accounts and as such it does not receive any performance-based fees. Additionally, EQIS does not engage in side-by-side management of proprietary accounts alongside Client Accounts.

### Methods of Analysis and Investment Strategies:

When constructing the EAS-E Program, EQIS utilizes long term capital market assumptions to create the spectrum of risk targeted portfolios along the efficient frontier. EQIS applies a mean variance and Black-Litterman model with its own forward-looking assumptions then selects strategies to fit the general asset allocation framework for each risk target.

When researching equities for EQIS Portfolios, EQIS utilizes several sources of financial information including third-party data and research providers, research materials and reports, corporate rating services, annual reports, prospectuses, SEC filings and company press releases. Securities are monitored and evaluated relative to market and industry conditions.

When selecting mutual funds, ETFs and ETPs for the Programs, EQIS takes into consideration the following criteria: fund's investment objective, inception date, assets under management and performance history; the industry sector(s) in which the fund invests; the track record of the fund's manager; the fund's management style and philosophy; and the fund's management fee structure.

### Risk of Loss:

All investing involves risk, including the potential complete loss of principal. The following risks are associated with specific strategies and securities invested in through the Programs.

*Equities.* The value of any stock fluctuates every day it is available to be traded. The risks involved with equities varies based on a number of factors: market cap (mid-, small-, and micro-cap equities generally carry more risk than large cap stocks), sector, or location (international investing involves special risks, which are heightened for emerging markets).

*Fixed Income.* The bond market can be volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually greater for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding such funds until maturity to avoid losses caused by price volatility is not possible.

*Alternative Strategies.* Alternative investment strategies may invest in assets other than stocks, bonds and cash (commodities, for example) or investments using strategies that go beyond traditional ways of investing, such as long/short or arbitrage strategies. Alternative investments present the opportunity for significant losses, including the possible loss of your total

investment. Such strategies have the potential for heightened volatility and in general, are not suitable for all investors.

*Diversification and Asset Allocation.* Strategies that are intended to provide diversification or a complete asset allocation may not protect against market risk or loss of principal.

*Tactical Asset Allocation.* Generally, accounts managed through a tactical approach to asset allocation will trade more frequently than a strategic approach. Performance for accounts using a tactical approach may be more volatile and may underperform in some market cycles.

*Strategic Asset Allocation.* Accounts managed through a strategic approach generally trade less frequently. Performance for accounts using a strategic approach may be more volatile and may underperform in some market cycles.

*High Concentration.* Strategies that concentrate investments in a certain sector or are narrowly focused may be subject to greater risk than strategies that invest more broadly, as investments in that sector or focus may share common characteristics and may react similarly to market developments or other factors affecting their values.

*Mutual Funds, ETFs and ETPs.* Clients purchasing mutual funds, ETFs and ETPs should refer to the relevant prospectus for more information about the risks of investing in a particular fund or ETP, as well as applicable fees and expenses. Clients purchasing ETFs and ETPs should understand that the market price of ETFs and ETPs may not correlate to the value of its underlying assets, and that ETFs and ETPs performance may not mirror the performance of its underlying index. Operating expenses and other costs are deducted daily from the value of these products and will lower the rate of return. Please see Item 4 (Services, Fees and Compensation) for more information regarding fund expenses.

For an explanation of risks associated with other securities and/or strategies, please see the applicable Sub-Adviser's Form ADV Part 2 (available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) or applicable mutual fund, ETF or ETP prospectus.

### Voting Client Securities:

As a matter of policy, EQIS does not have authority to vote proxies on behalf of Clients. Therefore, in connection with all securities beneficially owned by a Client, the Client maintains exclusive responsibility for: (i) directing the manner in which proxies should be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other similar types events pertaining to the Client's holdings.

## **Item 7 - Client Information Provided to Portfolio Managers**

The Sub-Advisers make investment decisions based on the relevant strategy only, they do not make investment decisions specifically for a Client. The Sub-Advisers are not provided any information about the Clients and they do not have access to Account information.

## **Item 8 - Client Contact with Portfolio Managers**

EQIS may make members of its Investment Committee available to Clients to discuss their Accounts. Clients do not generally have access to Sub-Adviser personnel or the portfolios managers of the mutual funds, ETFs and ETPs in which they may invest. However, Clients may request meetings with Sub-Advisers through their FPs.

## **Item 9 - Additional Information**

### Disciplinary Information:

Neither EQIS nor its management personnel have any disclosable disciplinary history.

### Other Financial Industry Activities and Affiliations:

EQIS does not have any other financial industry activities or affiliations.

### Code of Ethics, Participation or Interest in Client Transactions and Personal Trading:

EQIS has adopted a Code of Ethics which sets forth the high standard of business conduct that it requires of its employees, including compliance with applicable federal securities laws.

The Code of Ethics includes policies and procedures for the periodic review of securities transactions and securities holdings that must be submitted by EQIS's access persons. Among other things, the Code of Ethics requires the prior approval of any purchase or sale of securities in a limited offering (e.g., private placement), participation in an initial public offering, or initial coin offering and incorporates provisions for oversight, enforcement, and recordkeeping.

The Code of Ethics also prohibits the use of material nonpublic information. While EQIS does not believe that it has a high risk of receipt of material nonpublic information, all employees are reminded that such material nonpublic information may not be used for any purposes and employees must report the receipt of any material nonpublic information to the Chief Compliance Officer immediately.

Clients and prospective clients may request a copy of the Code of Ethics by email sent to [support@eqiscapital.com](mailto:support@eqiscapital.com), or by calling (800) 949-9936.

### Personal Trading:

EQIS and/or individuals associated with EQIS may have an interest or position in certain securities that also are recommended to, and held by, Clients. It is EQIS's express policy that employees conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of Clients, (ii) taking inappropriate advantage of their position with EQIS, and (iii) any actual or potential conflicts of interest with Clients.

EQIS permits its employees to engage in personal securities transactions, however, recommendations to Clients will not be impacted by such transactions and EQIS employees may buy or sell securities that have been recommended to Clients for their own personal accounts in a manner that is different to or inconsistent with recommendations to Clients.

Personal securities transactions, activities, and interests of EQIS's employees will not impact EQIS implementing recommendations for its Clients.

### Review of Accounts:

Client Account allocations are reconciled with the Account Custodian's records on a daily basis. While the underlying securities within the Accounts are monitored, Accounts are rebalanced when the Investment Committee deems appropriate.

EQIS reviews Accounts at the Program level and considers factors relevant to the determination of whether or not the assets held by Accounts are consistent with the Clients' target allocation. More frequent reviews may be triggered by material changes in variables such as drift from the model weightings, the market, and political or economic environments.

The FP will contact the Client on at least an annual basis to discuss information related to changes to the Client's financial circumstances or investment objectives. However, should there be any material change in the Client's personal and/or financial situation, the Client should notify their FP immediately to determine whether any review and/or revision of the Client's investment profile is warranted.

Clients must notify EQIS promptly if they suspect there has been an error related to their Account. It is the Client's responsibility to seek immediate clarification about Account activity

that is not clearly understood. All Client communications sent to the address of record or in the manner requested by the Client are presumed to have been delivered and received whether or not actually received.

### Client Referrals and Other Compensation:

EQIS currently maintains referral arrangements with a number of Introducing Firms through which the Introducing Firms' FPs introduce Clients to the Programs. The Introducing Firms negotiate a fee directly with their clients for such referral services, which is deducted from the Client's Account by the Custodian as directed by EQIS and paid by EQIS to the Introducing Firm. Additionally, in connection with some of these arrangements, EQIS pays the Introducing Firm a percentage of the Program Fee that EQIS receives with respect to Clients referred by such Introducing Firm. EQIS also pays certain Introducing Firms a flat fee for joint marketing and training efforts. Clients should be aware that to the extent that EQIS does pay a portion of its Program Fee to an Introducing Firm or a flat fee for marketing support, these payments create a conflict of interest because the Introducing Firm has an incentive to recommend the Programs to its clients over other wrap fee programs or products for which the Introducing Firm does not receive compensation from the adviser.

Some FPs and/or Introducing Firms may own an equity interest in EQIS Holding, Inc., the parent company of EQIS. Although this equity interest does not impact the level of fees that Clients are charged to participate in the Programs, it does create a conflict of interest because these Introducing Firms and FPs have an overall interest in the financial success of EQIS.

### Financial Information:

EQIS has not been the subject of a bankruptcy petition at any time during the past ten years and EQIS does not believe its financial condition is likely to impair its ability to meet its contractual obligation to Clients.

EQIS makes substantial investments in its technology and systems in accordance with practices in the Financial Technology ("FinTech") business. EQIS is financed through growth capital and bank debt. EQIS manages its revenues and expenses but is not required to maintain minimum capital in the manner of a broker-dealer. Due to its FinTech business and financing model, EQIS may be viewed as thinly capitalized.