



**303 West Madison Street, Suite 2000  
Chicago, Illinois 60606**

**Form ADV Part 2A  
July 19, 2021  
Item 1 - Cover Page**

This brochure ("Brochure") provides information about the qualifications and business practices of Stacked Finance, LLC ("Stacked" or the "Firm"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Any reference to Stacked as a "registered investment adviser" or as being "registered," does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this Brochure, please contact us at 630.901.2516 or by email at [stephen@stackedinvest.com](mailto:stephen@stackedinvest.com). Additional information about Stacked is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Summary of Material Changes**

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The only material changes to this Brochure since it was initially filed on June 1, 2021 are as follows:

- Item 1 of this Brochure has been updated to reflect a change of address.
- Item 7 of this Brochure has been revised for accuracy and clarity.

### Item 3 - Table of Contents

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## **Item 4 - Advisory Business**

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Stacked is an Illinois limited liability company that was formed 2020 and is principally directly or indirectly owned by our founders, Stephen Beavis and Joel Birch. Through our website and app (“Platform”), we provide our users with access to automated trading algorithms and strategies that trade digital assets (“Crypto”) on their behalf, through various Crypto exchanges our Platform supports.

We offer Strategies and Stacks through our web-based Platform. “Strategies” refers to a collection of trading algorithms which trade long and/or short leveraged positions based on user input. “Stacks” are pre-built portfolios comprised primarily of Crypto selected based on certain pre-defined parameters. While some users will only utilize Strategies, where we provide the code that executes as they determine, our clients (“Clients”) are the users who elect to use Strategies and Stacks in tandem to fully automate Crypto trading, where our software selects Crypto and executes on their behalf pursuant to the Client’s Advisory Agreement.

Our Platform is a software-based account overlay that is compatible with select exchanges. When a Client creates an account with us, we utilize a technology driven process to better understand the Client’s investment expectations, interests, needs, and experience, and to tailor the advice and services we provide. Our system then, taking into account the foregoing, applying quantitative metrics, produces several Stacks for the Client to select, which can then be Client-customized as they see fit. Subsequently, the applicable Strategies would then execute transactions on the Client’s behalf and rebalance as needed over time. Clients generally may not opt out of portfolio rebalances.

Stacked does not tailor the Stacks we offer to Clients, but provides Clients with access to curated Stacks which Clients may choose to invest based on their own decision. We seek to remind clients to annually update the information they provide initially to us to ensure that the information provided remains accurate and relevant to the Client. Clients seeking advisory services on individual trading decisions should not use our services.

Stacked is not an exchange and Clients are generally not able to place individual transactions or their timing through our services. As an internet-only adviser, we typically only communicate with Clients through our Platform.

As of April 30, 2021, we have no regulatory assets under management.

## **Item 5 - Fees and Compensation**

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Our Clients are subject to a management fee of 1.5% of a Client’s assets under management with us. Our fees generally are not negotiable. Our management fee is assessed in arrears based on the Client’s account balance at end of the prior month, and Clients receive an invoice for our fees and are billed monthly. If a Client terminates their accounts or transfer assets out of their accounts prior to the end of a month, they are still subject to any unbilled fees incurred at the time of account termination or transfer.

We receive compensation from the exchanges our Clients use for the marketing services we provide them. This practice presents a conflict of interest, and it gives us and our supervised persons an incentive to recommend investment products based on this compensation received, rather than on a Client’s needs. This conflict is mitigated in that Clients ultimately select the exchange to be used, and are only eligible to sign up for our services if our Platform supports their exchange.

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

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In addition to the management fee, our Clients, who are “Qualified Clients” as defined in Rule 205-3 of the Adviser’s Act, may be subject to a 17% performance-based fee. Given our algorithm-driven trading methods, and the limited direct involvement our staff has in selecting Client securities, certain conflicts of interest that arise in the circumstances where several Clients pay management fees are substantially mitigated.

## **Item 7 - Types of Clients**

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Our Platform allows retail investors, financial institutions, other investment advisers, trusts, and other types of Clients to access Stacked’s services online. We only accept Clients who use exchanges, wallets, brokers, or custodians supported by our Platform, and opening an account with us is generally subject to a minimum account size of \$500.

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

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Stacked invests Crypto on behalf of our Clients through the Stacks we offer and the Strategies that execute trades on their behalf, based on information our Clients provide us about them, such as their tolerance for risk, goals, financial situation, and other important considerations. The varying Stacks we offer often focus on different themes, categories, capitalizations, and other characteristics, and include various Crypto differentiated by various metrics, such as liquidity, risk, asset class, and other attributes.

### **Risks Associated with Investing with Stacked**

Investing in digital assets involves a high risk of loss that Clients should be prepared to bear. Investing in Crypto is suitable only for investors for whom such investment does not constitute a complete investment program, who are willing to assume, and have the financial resources necessary to withstand, the risks involved in investing in Crypto, and who can bear the potential loss of their entire investment on the Platform. There is no assurance as to whether the investments will be profitable. Any investment with Stacked may result in a total loss of the investment—the assets of each Client are subject to risk of devaluation or loss.

Clients should note that many different events can affect the value of portfolios, including, but not limited to, market fluctuations, economic reports, terrorism, and natural disasters.

#### *Limited Investment History*

Digital assets have only emerged as an investment opportunity in the past several years and are thus a relatively untested source of returns. It is unclear what the long term profitability of Crypto will be, and their short history thus far is particularly unreliable for predicting future success.

#### *Availability of Crypto*

Not all Crypto will be represented on our Platform. Clients may not have exposure through the Platform to many other Crypto investments. Additionally, as described above, if regulators find that the Crypto on the Platform are not freely tradable it could negatively impact their value and decrease the number of Crypto available for investment on the Platform.

#### *Key Personnel*

Stacked depends, in part, on its ability to attract and retain key personnel. Stacked's future also depends on the continued contributions of the executive officers and other key personnel, each of whom would be difficult to replace. The loss of the services of any of Stacked's key principals or other personnel, and the process to replace them would involve significant time and expense and may significantly delay or prevent the achievement of Stacked's business objectives.

#### *Lack of Established Track Record*

Stacked is a newly formed entity that has no operating history upon which a prospective Client may base its investment decision. There can be no assurance that Stacked will be able to successfully implement its business plan. The success of Stacked should be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the inception of a business, operation in a competitive industry, and the continued development of advertising and a corresponding Client base. For these and other unforeseeable reasons, there can be no assurance that Stacked will achieve or sustain profitable operations.

#### *Third Party Information*

Stacked will provide Clients information from third-party sources related to Crypto listed on the Platform. Stacked relies on these representations and does not independently verify this information. As a result, Stacked can make no assurances as to the completeness or accuracy of any such information.

#### *Platform Information*

Although Stacked endeavors to provide accurate and timely information on the Platform, the Platform may not always be entirely accurate, complete or current and may also include technical inaccuracies or typographical errors. In an effort to continue to provide as complete and accurate information as possible, information may be changed or updated from time to time without notice, including without limitation information regarding Stacked's policies,

products and services. Accordingly, Clients should verify all information before relying on it, and all decisions based on information contained on the Platform are solely the Client's responsibility and Stacked shall have no liability for such decisions.

### *Competition*

There is increasing competition in the Crypto market. Participation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector, and the competition for investment opportunities is high. Some of Stacked's potential competitors may have greater financial and personnel resources than Stacked.

There is no guarantee that Stacked will successfully implement its proposed strategy and develop a viable business on (or off) the Platform. If Stacked or the Platform is not able to develop a viable business, then that could present a risk to the Client's investments held on the Platform.

### *Service Providers*

The institutions with which Stacked (directly or indirectly) does business, such as banks and other financial institutions, may encounter financial difficulties that impair the operational capabilities or the capital position of Stacked. Stacked relies heavily on various service providers to perform many of the functions required to fulfill its investment objective. Should any of these service providers experience financial, regulatory, or other difficulties that affect their operations, Stacked's operational capabilities and financial position would be adversely affected. This is particularly acute in light of the changing regulatory landscape for Crypto, which could affect the regulatory standing of service providers, and may cause them to change their business models or cease providing services Stacked depends on altogether.

### *Portfolio Allocation and Rebalancing*

Stacked's algorithmic portfolio recommendations may not successfully achieve an investors goals for a variety of reasons, including unexpected market events or trends that the algorithm does not anticipate, as well as inaccurate, incomplete, or otherwise faulty data used by the algorithm and/or provided by the investor. While Stacked seeks to continually improve its algorithmic system, it does not guarantee it will result in positive returns on investment. In addition, when Stacked rebalances the portfolios, it is possible that the system could err and fail to execute a requested trade. Some of the additional general risks that Clients should consider include, but are not limited to:

#### *Software & Technology Risk*

Once Stacked gathers Clients' interests, goals, and risk tolerance, our software uses this information to suggest multiple Stacks that a Client may select. Account rebalances are also executed programmatically using our Strategies. Clients should note the following risks:

- Stacked's software may still make incorrect assumptions about a Client's financial situation. There is always a possibility that the simulator may experience technical malfunctions that would cause its recommendations to be inaccurate.
- The software can only base its output on the input from the Client. As such, the software's output is only as accurate as the data the Client inputs.
- The output that the software generates may not assess all of the Client's particular situation. Special circumstances, qualitative characteristics, and other intangible components of a Client's personal background that are not captured by the software may cause the software's assumptions to be incorrect.

### *Market Risk*

The value of the investments held in Clients' accounts is subject to changes in economic conditions, growth rates, profits, and the market's perception of these investments. The price of any instrument can decline for a variety of reasons outside of Stacked's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, regulatory changes, and domestic or foreign political, demographic, or social events.

### *Effect of General Economic Conditions*

General economic conditions may affect our investment activities. Changing economic, political, and regulatory or market conditions, general levels of economic activity, the price of Crypto, and participation by other investors in the

financial markets may affect the value and number of investments made by Stacked or considered for prospective investment. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk. Economic slowdowns or downturns could lead to financial losses in the Firm's investments. In addition, many investments may be similarly subject to the same economic conditions, which could adversely impact investment returns.

#### *Cybersecurity Risk*

As the use of technologies, such as the internet, has become more common in conducting business, Client accounts have become potentially more susceptible to operational, information security and related risks through breaches in cybersecurity. Generally, a cyber incident may result from either intentional attacks or unintentional events and include, but are not limited to, gaining unauthorized access to private keys or to digital systems, misappropriating assets or sensitive information, causing a Client account to lose proprietary information, corrupting data, or causing operational disruption, including denial-of-service attacks on websites. Additionally, Crypto pose their own cybersecurity risks. Blockchain miners or validators maintain the record of ownership of digital assets, and if these entities suffer from cyberattacks or other security incidents, or for financial or other reasons cease to perform these functions, the functioning of the blockchains on which the ownership of Crypto is recorded and the valuation based may be jeopardized. The types of incidents that might affect blockchain security include hacking, which involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment; the inadvertent transmission of computer viruses or other malware; or malfeasance or negligent acts of personnel, such as phishing attacks and other forms of social engineering. Any such interruption could result in impermissible transfers of digital assets and/or loss of Crypto and/or their value. A cybersecurity breach in Stacked's Platform or to the entities involved in the recording and transfer of digital assets in turn could in turn could cause a Client account and/or Stacked to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss. Cybersecurity failures or breaches of a third-party service provider that provides services to a Client account may also subject a Client account and/or Stacked to these cybersecurity risks.

#### *Geopolitical Risk*

The impact of geopolitical events on the supply and demand for digital assets is uncertain. Crypto are relatively new and are subject to supply and demand forces based in part upon the desirability of an alternative, decentralized means of buying and selling goods and services. It is unclear how such supply and demand will be impacted by geopolitical events, including regulatory changes. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of Crypto globally and/or locally. Large-scale sales of Crypto are likely to result in a reduction in the value of Crypto contained on the Platform and may adversely affect a Client's investment in Crypto also held in their account.

#### *Risks Associated with Digital Currencies, Digital Assets and Digital Asset Networks*

Stacked invests in Crypto; currently, Crypto are either unregulated or in the early stages of regulation by U.S. federal and state governments and self-regulatory organizations. As Crypto have grown in popularity, certain U.S. agencies, such as the SEC, the Financial Crimes Enforcement Network and the Commodity Futures Trading Commission ("CFTC"), have begun to examine Crypto and the operations of Crypto in depth. The SEC views a significant portion of Crypto as securities and has been involved in multiple enforcement actions, settlements, and federal court cases regarding the regulatory status of Crypto, their issuers, and intermediaries involved in the industry. The CFTC has declared that certain other Crypto are commodities and regulates those assets and in particular derivatives related to them. To the extent that any type of Crypto is determined to be a security, commodity, future, or other regulated asset where Stacked has not anticipated that treatment, or to the extent that a U.S. or foreign government or quasi-governmental agency exerts additional regulatory authority over Crypto, Stacked's portfolios may be adversely affected. The effect of any future regulatory change on Clients is impossible to predict, but such change could be substantial and adverse. Some of the risks as they pertain to Crypto that Clients should consider include, but are not limited to:

### *Concentration Risk*

Concentrating investments in the digital assets sector increases the risk of loss, because developments that adversely affect the sector as a whole may cause most if not all of Stacked's investments to decline in value.

### *Digital Currencies and Crypto*

Crypto represent a speculative investment and involve a high degree of risk. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Crypto exchanges have been closed due to fraud, failure, security breaches, and legal noncompliance. Client assets held on an exchange that shuts down may be lost. Several factors may affect the price of Crypto, including, but not limited to supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Crypto or the use of Crypto as a form of payment. There is no assurance that Crypto will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Crypto payments by mainstream retail merchants and commercial businesses will grow. The prior performance of Crypto is not necessarily indicative of future results. Many Crypto have experienced high levels of performance and rapid increases in price, followed by significant downturns in performance and similarly rapid decreases in price. Crypto are created, issued, transmitted, and stored according to protocols run by computers in the Crypto network. It is possible these protocols have undiscovered flaws which could result in the loss of some or all Client assets. There may also be network scale attacks against these protocols that result in the loss of some or all Client assets. Some assets may be created, issued, or transmitted using experimental cryptography that could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols that may be negatively affected by technological advances that undermine the cryptographic consensus mechanism underpinning blockchain and distributed ledger protocols. Stacked makes no guarantees about the reliability of the cryptography used to create, issue, or transmit assets. Certain Crypto may rely on or are built on a public or third-party blockchain, and the success of such blockchain may have a direct impact on the success of Crypto listed on the Platform and recommended by Stacked. These Crypto are partly dependent on the effectiveness and success of such blockchains, as well as the success of other blockchain and decentralized data storage systems that are being used by the issuer of the Crypto. There is no guarantee that any of these systems or their sponsors will continue to exist or be successful. This could lead to disruptions of the operations of the issuer of Crypto listed on the Platform and could negatively affect any Crypto held by a Client from such issuer. The Crypto market presents significant risks that could negatively impact Stacked's ability to purchase and sell Crypto on a Client's behalf. For example, the Crypto market frequently involves shallow trade volume, extreme hoarding, low liquidity, and high bankruptcy risk. Blocks of digital assets are often hoarded by a few owners and/or are kept out of circulation. Ownership concentration is high, which increases liquidity risk because large blocks of digital assets are difficult to sell in a timely and efficient manner.

### *No FDIC or SIPC Protection*

Crypto are not subject to Federal Deposit Insurance Corporation ("FDIC") or Securities Investor Protection Corporation ("SIPC") protections. Since Stacked is not a member of the FDIC or SIPC, Client assets are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. While private insurance may be available at times, Client assets are not insured by Stacked.

Legality of Digital Currencies – Owning, holding, selling, or using digital assets may be illegal now or in the future in one or more countries, including the United States. Countries may take regulatory actions in the future that severely restricts the right to acquire, own, hold, sell, or use digital currencies. Such an action may restrict Stacked's ability to hold or trade digital currencies and could result in termination and liquidation of Client accounts at a time that is disadvantageous to Clients.

### *Qualified Custodians*

Entities that provide custody for Crypto are subject to evolving guidelines from regulatory authorities. Although Stacked takes the view that the exchanges our Platform supports are "qualified custodians" for purposes of Rule



206(4)-2 under the Advisers Act (the “Custody Rule”), there is a risk that the SEC or a state regulator would disagree.

#### *Digital Currency and Digital Asset Exchanges*

The exchanges on which Crypto trade are relatively new and may not be registered as brokers, exchanges, or alternative trading systems. They may therefore be out of compliance with federal or state law. In addition, these exchanges may be more exposed to theft, fraud and failure than established, registered exchanges for other products. In general, Crypto exchanges are currently start-up businesses with no institutional backing, limited operating history and no publicly available financial information. Exchanges generally require cash to be deposited in advance in order to purchase Crypto, and no assurance can be given that those deposit funds can be recovered. Additionally, upon sale of Crypto, cash proceeds may not be received from the exchange for several business days. The participation in exchanges requires participants to take on credit risk by transferring Crypto from a participant’s account to a third-party’s account.

Stacked takes on the credit risk of an exchange every time it makes a transaction. There are currently no U.S. exchanges registered with the SEC where Crypto that are securities can be legally listed and/or traded. While Stacked anticipates that such exchanges will exist in the United States in the future, Stacked cannot and does not guarantee that such exchanges will ever legally operate in the United States. In addition, even if other types of Crypto are able to successfully be listed on a registered exchange in the United States, there is no guarantee that such exchange will allow Crypto traded within the portfolios to be listed on such a registered exchange. Thus, exchanges used by Stacked may not be registered with the SEC and/or in compliance with applicable securities laws, rules and regulations, and any regulatory action relating to the unregistered status or non-compliance of the exchanges used by Stacked could adversely affect Stacked’s business.

Digital currency and digital asset exchanges may impose daily, weekly, monthly or customer specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Crypto for fiat currency difficult or impossible. Additionally, Crypto prices and valuations on Crypto exchanges have been volatile and subject to influence by many factors including the levels of liquidity on exchanges and operational interruptions and disruptions. The prices and valuation of Crypto remain subject to any volatility experienced by Crypto exchanges, and any such volatility can adversely affect Stacked’s investments. Crypto exchanges are appealing targets for cybercrime, hackers and malware. Even the largest exchanges have ceased operations due to theft, fraud, security breach, liquidity issues, or government investigation. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have, indeed, closed due to fraud, theft, government or regulatory involvement, failure or security breaches, or banking issues.

Any financial, security or operational difficulties experienced by such exchanges may result in Stacked’s inability to recover money or Crypto being held by the exchange, or to pay Clients upon withdrawal. The daily trade volume of Crypto on any given exchange may only be a small fraction of total Crypto. The lack of a regulated market for Crypto and related assets means that market participants do not have as many mechanisms to hedge or create the liquidity in the Crypto market that is typical of traditional capital markets. The Crypto market also currently lacks many institutional participants, which could help to stabilize the market. For these reasons, among others, Stacked may be unable to purchase or sell a digital asset as desired for an extended period of time.

#### *Trade Errors*

Stacked may possibly place trades incorrectly. If a trade error occurs, the Firm will notify the Client promptly regarding the error and its resolution. The Client will bear any financial gain or loss associated with trade errors in their accounts.

#### *Stolen or Incorrectly Transferred Digital Currencies and Digital Assets May be Irretrievable*

Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft of Crypto generally will not be reversible, and Stacked may not be able to seek compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, Clients’ Crypto could be transferred in incorrect amounts or to unauthorized third parties. To the extent that Stacked is unable to seek a corrective transaction with such third party or is incapable of identifying the third party that has

received Client Crypto through error or theft, Stacked will be unable to revert or otherwise recover incorrectly transferred Crypto. To the extent that Stacked is unable to seek redress for such error or theft, such loss could adversely affect Clients' investments.

#### *Amendments to a Digital Assets Network's Protocols and Software Could Adversely Affect the Funds' Investment and Trading Activities*

Crypto networks (collectively, "Networks") are typically based on protocols that govern peer-to-peer interactions between computers connected to a digital currency's or digital asset's Network. Generally, the code that sets forth a digital currency's or digital asset's protocol is informally managed by a development team known as the core developers. A Crypto's core developers, miners, and/or users (each such core group in respect of a particular digital currency or digital asset, the "Community") can propose amendments to a Network's source code through one or more software upgrades that alter such Crypto's protocols, the software that govern its Network and the properties of the digital currency or digital asset itself, including, but not limited to, the irreversibility of transactions and limitations on the mining/creation of new Crypto units. To the extent that a majority of a Community installs such software upgrade(s), such Crypto's Network could be subject to new protocols and software that may adversely affect the Stacked's investment and trading activities. If less than a majority of a Community installs such software upgrade(s), such digital Crypto's Network could "fork."

Many Crypto are open-source projects and, although there may be an influential group of leaders in a specific Community, there may be no official developers or group of developers that formally control the applicable Network. For many Crypto, any individual can download the applicable Network software and make any desired modifications, which are proposed to the relevant Community through software downloads and upgrades. However, the Community must usually consent to those software modifications by downloading the altered software or upgrade that implements the changes; otherwise, the changes do not become a part of that Network. A developer or group of developers could potentially propose a modification to a Network that is not accepted by the applicable Community, but that is nonetheless accepted by a substantial portion of such Community. In such a case, a "fork" in the blockchain could develop and two separate Networks could result, one running the pre-modification software program and the other running the modified version (i.e., a second such Network in respect of the same Crypto). Such a fork in the blockchain typically would be addressed by Community-led efforts to merge the forked blockchains. This kind of split in a Network could materially and adversely affect the value of Stacked's investments and, in the worst-case scenario, harm the sustainability of the applicable Crypto's economy.

#### *Risk to Digital Currency and Digital Assets Networks from Malicious Actors*

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on certain digital currency and digital assets networks, it may be able to alter the blockchain on which the digital currency and/or digital assets transaction relies on by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the digital currency and/or digital assets network can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new digital currency and digital assets or transactions using such control. Using alternate blocks, the malicious actor could double spend its own digital currency and/or digital assets and prevent the confirmation of other users' transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power on various digital currency and digital assets networks or the digital currency and digital assets community does not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Such changes could adversely affect Stacked's investments or the ability of Stacked to complete transactions.

#### *Forks and Airdrops*

A "fork" as described above or an airdrop (i.e., a free, unsolicited distribution of an asset to a recipient's Crypto wallet) may affect the value of the original Crypto. The applicable exchange may (i) not accommodate the new Crypto; (ii) only accommodate the new Crypto after a significant period; or (iii) have a contractual right to claim the new Crypto for its own account. Additionally, Stacked may not have any systems in place to monitor or

participate in forks or airdrops. As a result of the foregoing, Clients may not benefit from Crypto provided through airdrops, and digital assets subject to forks may be rendered useless or of no or little value.

#### *Digital Currency and Digital Assets Miners May Cease to Solve Blocks*

If the award of new Crypto, as applicable, for solving blocks declines and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce the collective processing power on such Crypto network, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make such network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent (50%) of the processing power on such network. Any reduction in confidence in the confirmation process or processing power of such network may adversely impact an investment in Crypto.

#### *Broker-Dealer Registration*

Stacked believes that it is not acting as a broker-dealer required to register under federal or state law. If Stacked were deemed to be a broker-dealer, it would be subject to significant additional regulation. This could lead to significant changes with respect to the Platform, how Crypto are listed on the Platform, how Crypto listed on the Platform are purchased and sold and other issues, and would greatly increase Stacked's costs in creating and facilitating transactions in Crypto listed on the Platform. It could lead to the suspension and/or termination of the Platform. In addition, a regulator could take action against Stacked if it views the Crypto listed on the Platform and the Platform itself as a violation of existing law. Any of these outcomes would negatively affect the value of the Crypto listed on the Platform and/or could cause Stacked to suspend and/or cease operations.

#### *State Regulations*

Regulation of Crypto in the United States varies by state, and the regulations of certain states may limit the ability of Stacked to operate within those states. Certain states require persons to obtain a license to conduct a Crypto business. Accordingly, Stacked does not intend to operate in states that require such licensing. If an individual is a resident of a state that requires such licensing, that individual will not be permitted to be a Client of Stacked. If Stacked were deemed to be conducting an unlicensed Crypto business, it would be subject to significant additional regulation and/or regulatory consequences. This could lead to significant changes with respect to Stacked and the Platform and could greatly increase the operating costs of Stacked and the Platform.

Different state regulations could affect the transferability of Crypto. To the extent that state regulations differ, certain Crypto may only be tradable in specific states. This could decrease the demand for and market for Crypto.

#### *Tax*

The tax characterization of Crypto is uncertain. The purchase of Crypto may result in adverse tax consequences to a Client, including withholding taxes, income taxes, and tax reporting requirements. Clients are encouraged to review IRS Notice 2014-21 (the "Notice") that sets forth published guidance from the U.S. Internal Revenue Service released in 2014 concerning the consequences of transacting in Crypto. If a Crypto is characterized as a "virtual currency" for income purposes, then, under the Notice, the general rules applicable to property transactions would apply.

#### *Intellectual Property Rights Claims May Adversely Affect the Operation of the Digital Currency and Digital Assets Network*

Third parties may assert intellectual property claims relating to the operation of Crypto and their source code relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the Crypto's long-term viability or the ability of end-users to hold and transfer Crypto may adversely affect Stacked's investments. Additionally, a meritorious intellectual property claim could prevent Stacked and other end-users from accessing the Crypto network or holding or transferring their Crypto, which could force Stacked to terminate and liquidate its Crypto holdings.

The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing with Stacked. Prospective Clients should read the entire Brochure as well as other materials that may be provided by us and consult with their own independent, legal, tax, and accounting advisers prior to engaging our services. Past

performance is not a guarantee of future returns. Investing in Crypto involves a risk of loss that each Client should understand and be willing to bear.

## **Item 9 - Disciplinary Information**

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Item 9 is not applicable to us as we have no reportable material legal or disciplinary events.

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

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Stacked is not a registered broker-dealer and does not have an application pending to register as a broker-dealer. Furthermore, none of Stacked's management or supervised persons are registered as representatives of, or have an application pending to register as representatives of, a broker-dealer.

Stacked is not a registered futures commission merchant, commodity pool operator, or commodity trading advisor, and does not have an application pending to register as such. Furthermore, none of Stacked's management or supervised persons are registered as, or have applications pending to register as, an associated person of any such entity.

Stacked maintains arrangements with other investment advisers who author, engineer, or otherwise manage, certain Stacks that we recommend to our Clients, where we share a portion of the management fee and performance fees, if any, in connection with each Client utilizing one or more such Stacks. Clients are not obligated to choose one Stack over another, and hold final authority in determining which Stack they would like to utilize for their portfolio construction, and these relationships, where applicable, will be fully disclosed to the Client.

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

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We have adopted a Code of Ethics ("Code") consistent with Rule 204A-1 of the Advisers Act that reflects our commitment to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the Clients we manage, and that our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code governs personal transactions by our employees, compliance with applicable federal securities laws, and the identification and reporting of violations of our Code.

From time to time, our personnel will invest in assets that we also recommend to Clients. All transactions in these assets, and other securities, must comply with our Code of Ethics, which places restrictions and/or prohibition on certain transactions, requires pre-clearance for certain transactions, and mandates periodic reporting of all personal trading and accounts to ensure compliance with our standards.

Clients and prospective Clients may request a copy of our Code of Ethics by contacting us [stephen@stackedinvest.com](mailto:stephen@stackedinvest.com).

## **Item 12 - Brokerage Practices**

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We do not select or recommend brokers or dealers for Client transactions. As stated above, opening account with Stacked is conditioned on a Client's use of a supported exchange, and Clients hold the ultimate authority to select their preferred exchange. We may consider supporting additional exchanges as Client needs arise.

Not all advisers require their Clients to direct brokerage. While we do not select exchanges for our Clients, we receive compensation for marketing efforts we provide them, as described above. Such circumstances may result in us being unable to achieve most favorable execution for Client transactions, and this practice may cost Clients more money.

Given the nature of our services, we generally do not aggregate Client orders and instead place each Client's orders separately from one another. To the extent that we do not aggregate orders when we have the opportunity to do so, Clients can incur higher or differing transactional costs or prices than if we had aggregated their orders.

## **Item 13 - Review of Accounts**

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Stacked provides Clients with continuous access to current account balances and positions in writing through our Platform. Clients can utilize various tools to review their account and better understand their holdings and performance information,

and may also receive periodic written communications from us describing portfolio performance, account information, product features, and other important considerations.

Stacked's software-driven advisory services assume that a portfolio created with our process will require rebalancing from time to time to maintain the desired investment portfolio traits and parameters, such as asset allocations, risk, and liquidity. Our software reviews each Client's account when it is first opened with us, and our Platform is connected to the Client's account(s) held at one or more custodians our Platform supports. Thereafter, we also review Client assets when changes are made to their investment parameters, such as their objectives, risk profile, or other important considerations.

We intend to periodically contact Clients to remind them to review their information and make any updates to information previously provided, to ensure that the services we provide each Client remains adequately tailored to each Client's needs. If any changes to the nature of our services are deemed appropriate, Clients will be given the opportunity to provide us instruction to do so, which would necessitate our review of their assets.

We periodically review the types of assets we recommend. Senior management of our Firm typically conduct such review. To the extent that a Client's strategy is managed by another adviser, such adviser is also responsible for reviewing and determining the types of assets to be held by such Clients.

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

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Stacked receives compensation from the exchanges our Platform supports for various services we provide them, including, but not limited to, marketing services, and ensuring that our Platform is and continues to be compatible with their services.

Stacked also makes certain Crypto trading strategies available to our Clients that are often developed by various third-party investment advisers or other third parties. In these instances, we share a portion of the fees received in connection with these Clients with the third parties applicable to such Clients.

Receipt of compensation from third party service providers in connection with the services we provide our Clients creates an incentive for Stacked to recommend such third-party service providers over others that do not provide compensation to us. Where applicable, Stacked will disclose the existence of such payments. Notwithstanding the foregoing, many conflicts of interest that may arise in connection with such payments are substantially mitigated by each Client holding ultimate authority to determine which such third-party service providers will be use in connection with the services we provide them.

While we do not currently compensate any third parties for Client referrals, we reserve the right to do so in the future. These third parties, depending on the terms of their agreement with us, will likely be compensated in varying manners, which can, depending on the terms, increase the expenses a Client is subject to. Clients subject to any such additional fees or expenses in connection with their referral to us will be informed of any such fees applicable to them.

## **Item 15 – Custody**

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Custody of Client assets will be maintained by several custodians that our Platform supports. Stacked does not have access to Clients' private keys, does not have custody of Client funds, securities, or assets, and will have no liability with respect to custodial arrangements or the acts, conduct or omissions of or by any custodian. All Client assets will be custodied at the Client's respective custodian(s) compatible with our Platform. Under no circumstances will Stacked have authority to obtain possession of Client assets.

It is not generally anticipated that any Client's custodian(s) will calculate the fee to be invoiced in connection with the services we provide Clients. As such, it is important for Clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact Stacked if they believe that there may be an error in their statement.

In addition to any periodic statements that Clients may receive directly from their custodians, we may directly send periodic reports to Clients in addition to the account information which we strive to make continuously available through our Platform. We urge Clients to carefully compare the information provided on any reports they receive from us to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 - Investment Discretion**

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Each Client who decides to retain us as their investment adviser must complete and execute an Advisory Agreement, pursuant to which we assume full discretionary trading authority over the Client's assets we manage. This means that Stacked typically has full authority of matters including, but not necessarily limited to, the selection, timing, size, and identity of assets to purchase or sell for the Client. As detailed above in Item 4, we manage Client accounts on an automated basis, according to the Stacks and Strategies applicable to each Client. Clients are encouraged to consult their own financial advisors and legal and tax professionals on an initial and continuous basis in connection with selecting and engaging the services of any investment adviser in any particular strategy, including Stacked, our Strategies, and our Stacks.

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

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As a general matter, given the nature of our advisory services, we do not anticipate receiving nor voting any proxy proposal, consents, or resolutions (collectively, "Proxies") on behalf of our Clients. Some digital asset features, including participation in governance activities, may be considered similar to participating in shareholder votes. Though some digital asset holders may vote on topics that directly or indirectly affect return on investment through on-chain governance, our infrastructure does not support this capability and makes no promise of doing so in the future.

In the event that we receive a Proxy, Stacked or the Client will direct the Client's custodian to forward any shareholder related materials directly to the Client's address on record. In addition, Stacked does not advise or act for Clients with respect to any legal matters, including bankruptcies and class actions, for the assets held in a Client's account.

## **Item 18 - Financial Information**

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This Item is not applicable because Stacked does not require or solicit the prepayment of any advisory fees and does not have any adverse financial condition that is reasonably likely to impair our ability to continuously meet our contractual commitments to our Clients.