

**Item 1 – Wrap Fee Program Brochure Cover Page**



**ALPHACLONE  
CORE STRATEGIES  
WRAP FEE PROGRAM BROCHURE**

MARCH 2021

Sponsored by:  
AlphaClone, Inc.  
San Francisco CA 94115  
phone: (415) 967-2532

**This brochure provides clients with information about AlphaClone, Inc. (“AlphaClone”) and AlphaClone’s Core Strategies Wrap Fee Program (the “Program”). You should consider the information in this brochure carefully before becoming a Program client. Please note that this information has not been approved or verified by any governmental authority.**

## **Item 2 – Material Changes**

Our previous Wrap Free Program Brochure was dated March 2020.

We will deliver an updated AlphaClone Core Strategies Wrap Fee Program Brochure annually to wrap fee program clients, together with a summary of material changes, within 120 days of the close of our fiscal year. You may request a copy of this Wrap Fee Program Brochures by contacting AlphaClone at (415) 967-2532 or by e-mailing [contact@alphaclone.com](mailto:contact@alphaclone.com). Our Firm Brochure is also available on our web site at [www.alphaclone.com](http://www.alphaclone.com).

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## **Item 4 - Services, Fees and Compensation**

AlphaClone is a research and investment firm that specializes in leveraging publicly available information to derive investment strategies. AlphaClone's research approach compiles data primarily from public filings made with the SEC by hedge funds and other institutional investment managers. AlphaClone uses the data and its proprietary technology platform to develop rules-based investment strategies and indexes (the "strategies"). AlphaClone is in no way affiliated with the hedge funds or institutional investment managers who make such filings and any use of a specific filing by AlphaClone in one or more strategy is in no way intended to be an endorsement of the firm making the public filing.

AlphaClone serves as the sponsor and investment adviser for the Core Strategies Wrap Fee Program. In this Program, AlphaClone will assist qualified clients in selecting one or more appropriate AlphaClone Core Strategies, considering their financial situation and investment objectives. AlphaClone will allow reasonable investment restrictions if they do not differ materially from a strategy's investment objectives. AlphaClone's role is to manage the client's account according to the strategy or strategies selected. AlphaClone receives between 85% and 90% of the wrap fee for providing these strategies. Clients who impose investment restrictions should be aware that the performance of their accounts may differ from that of the investment strategies.

AlphaClone's Core Strategies Wrap Fee Program is fee based. Core Strategies Wrap Fee Program fees are not negotiable. AlphaClone retains between 85% and 90% of the Program's total fees as its portfolio management fee. Clients do not generally incur separate brokerage commissions. AlphaClone charges an asset-based flat fee of 1% per year, charged quarterly in advance. The minimum annual fee per account is \$250.00

Our Core Strategies Wrap Program fees are computed and payable quarterly in advance during the first month of each calendar quarter and will be calculated based on the market value of the client account assets held on the last day of the prior quarter. The fee for the calendar quarter in which assets were first deposited into the account will be based on the market value of the account assets on the day the assets were deposited in the account and prorated for the number of days the account was open during the quarter. If the account is terminated prior to the end of a quarter, the fee for that quarter will be prorated for the number of days the account was open during that quarter and any overpayment, net of charges by the program's custodian to AlphaClone for the quarter, will be returned to client following the closing of the account. Fees are not negotiable.

Our Core Strategies Wrap Program fees are designed to cover all client costs except costs incurred because of special requests for services not provided by the program. For example, the program provides for electronic delivery of documents. If a client requests paper copies of documents, a separate charge will be imposed for that service. Similarly, separate charges may be imposed if clients request money or other asset transfers to accounts outside the program. In addition, ETFs and other registered investment companies that may be included among a client's holdings, charge separate fees and expenses as described in their prospectuses.

Clients may be able to purchase services similar to those offered under the Program from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than the Program, depending on the fees charged by such other service providers.

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

This Program is designed to provide investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations and business entities who meet AlphaClone's suitability requirements. The Program requires that the client complete a suitability questionnaire and if applicable an account application. Clients approved for an account must maintain a securities brokerage

and custody account with Folio Investments Inc., the Wrap Fee Broker. AlphaClone selected the Wrap Fee Broker on the basis of services it provides to AlphaClone's clients and the fees it charges to AlphaClone. Except for discretionary services not contemplated by the Wrap Fee Broker's account agreement, none of the Wrap Fee Broker's charges are paid by AlphaClone's clients. A minimum of \$50,000 initial investment is required to open an account. Fees are non-negotiable for wrap fee accounts.

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

### Advisory Business

AlphaClone is a registered investment adviser based in San Francisco, CA. The Firm is organized as a California limited liability company and has been providing advisory services since 2010.

AlphaClone is a research and investment firm that specializes in leveraging publicly available information to derive investment strategies. AlphaClone's research approach compiles data primarily from public filings made with the SEC by hedge funds and other institutional investment managers. AlphaClone uses the data and its proprietary technology platform to develop rules-based investment strategies and indexes (the "strategies"). AlphaClone is in no way affiliated with the hedge funds or institutional investment managers who make such filings and any use of a specific filing by AlphaClone in one or more strategy is in no way intended to be an endorsement of the firm making the public filing.

AlphaClone offers its strategies in several ways:

- As the index provider to Exchange-traded Funds (ETFs) for which a third-party acts as the investment adviser,
- To individual investors through separate accounts as part of a wrap fee program,
- To other financial advisory firms by way of index licensing.

### Method of Analysis, Investment Strategies and Risk of Loss

In the AlphaClone Core Strategies Wrap Fee Program, AlphaClone will assist qualified clients in selecting one or more appropriate AlphaClone Core Strategies, considering their financial situation and investment objectives. AlphaClone will allow reasonable investment restrictions if they do not differ materially from a strategy's investment objectives. AlphaClone's role is to manage the client's account according to the strategy or strategies selected. AlphaClone receives between 85% and 90% of the wrap fee for providing these strategies. Clients who impose investment restrictions should be aware that the performance of their accounts may differ from that of the investment strategies.

AlphaClone compiles securities holdings data primarily from public disclosure filings made with the Securities and Exchange Commission by hedge funds and other institutional investment managers. AlphaClone uses the holdings data to construct and backtest core investment strategies made up of US-exchange traded marketable securities including ADRs. AlphaClone makes investments for its clients based on the client's selection of one or more of the core strategies.

AlphaClone Core Strategies include the following:

### AlphaClone SmartPilot

The AlphaClone SmartPilot (formerly AlphaClone Select) strategy seeks to outperform the S&P 500 Index by following the high conviction holdings of managers with the highest Clone Score - a proprietary ranking method developed by AlphaClone to measure the efficacy of following a manager's disclosed holdings over time. The strategy is available as both dynamically hedged or long only.

### AlphaClone International

The AlphaClone International strategy seeks to outperform the MSCI All-Country ex-US Index by following the high conviction ADR holdings of managers with the highest Clone Score - a proprietary

ranking method developed by AlphaClone to measure the efficacy of following a manager's disclosed holdings over time. The strategy is available as both dynamically hedged or long only.

#### AlphaClone Activist Masters

The AlphaClone Activist Masters strategy seeks to outperform the S&P 500 Index by following the disclosed holdings of activist managers with the highest Clone Score - a proprietary ranking method developed by AlphaClone to measure the efficacy of following a manager's disclosed holdings over time.

#### AlphaClone Value Masters

The AlphaClone Value Masters strategy seeks to outperform the S&P 500 Index by following the disclosed holdings of value managers with the highest Clone Score - a proprietary ranking method developed by AlphaClone to measure the efficacy of following a manager's disclosed holdings over time.

To the extent that any client account is invested in marketable securities, such investments are not deposits or obligations of and are not guaranteed by AlphaClone or its affiliates. Such investments involve investment risks, including possible loss of principal amount invested which clients should be prepared to bear

#### Voting Client Securities

Client, not AlphaClone, shall be responsible for voting all proxies; executing waivers, consents and other instruments; and responding to any plan of reorganization, merger, combination, consolidation, liquidation or similar transaction or plan with respect to any securities in the wrap fee account.

AlphaClone shall not be obligated to render any advice or take any action on behalf of client with respect to securities held in the account, nor shall AlphaClone be obligated to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, on behalf of the account. The right to take any actions with respect to any legal proceedings, including, without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including, without limitation, shareholder litigation, with respect to transactions, securities or other investments held in the account is expressly reserved to client. The Wrap Fee Broker shall deliver to Client all shareholder communications, including proxy statements and proxies, distributed by the issuers of Securities held in the Account. Clients can obtain a copy of AlphaClone's proxy voting policies and procedures upon request.

### **Item 9 - Additional Information**

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

AlphaClone and its employees may not buy or sell securities recommended to clients except in accordance with procedures intended to avoid conflicts of interest with clients. Securities transactions by AlphaClone and its employees may not be affected on the same day as transactions it makes for its clients except at prices equal to or inferior the prices at which it buys or sells the securities for its clients.

AlphaClone maintains records of all securities transactions made for its own account and requires its employees to report their securities transactions to AlphaClone within thirty days of the end of each calendar quarter.

AlphaClone and/or its representatives may buy or sell for their personal account(s) investment products identical to those recommended to clients. AlphaClone also reserves the right for it and its employees to buy or sell securities of issuers of which it or its affiliates are officers or directors or otherwise have a financial interest. It is the general policy of AlphaClone that neither it nor its representatives may purchase or sell any individual security prior to a transaction(s) being implemented for an advisory account. This policy is meant to prevent AlphaClone and/or its representatives from benefiting as a result of transactions placed on behalf of advisory accounts. In no case, shall AlphaClone's representatives prefer their own interest to that of their advisory clients.

In accordance with Section 204A of the Investment Advisers Act of 1940, Advisor also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Advisor. A copy of the Code of Ethics will be provided to any client or prospective client upon request.

#### Review of Accounts

Mazin Jadallah serves as AlphaClone's chief executive officer and is the key member of the firm. He manages the Program, the investment process and client relations. He is responsible for compliance. He conducts at least annual reviews of all client accounts. Any other investment adviser representatives that may be employed by AlphaClone will be required to have at least a graduate level degree and at least three years relevant financial analysis, portfolio management, financial research or client management experience before they can provide investment advice to clients.

## Education, Business Background and Standards

### **Mazin Jadallah**

**Y.O.B: 1969**

#### Education

Texas Tech University, Lubbock, TX - 1992, Bachelors of Science, Industrial Engineering  
Rollins College, Winter Park, FL - 1996, MBA, Finance & Management

#### Business Background for the last 5 years

Time Warner Inc., New York, NY

10/98 to 10/01 – Executive Director, Corporate

10/01 to 7/04 – Vice President, Corporate Development, Time Warner Interactive Video Group

Open TV Inc., San Francisco, CA

7/04 to 3/07 – Senior Vice President, Strategic Development

AlphaClone, Inc., San Francisco, CA

12/07 to current – Founder and CEO,

01/10 to current – Chief Compliance Officer

#### Other Business Activities

We license our intellectual property for use by third parties, including mutual funds, exchange traded funds and index providers for a fee. Licensees may use our intellectual property to develop investment strategies for managing accounts. In addition, services may include the development of model portfolios and indexes for a licensee's use.

AlphaClone expects to devote approximately 50% of its time to these activities.