

**Item 1. Cover Page**

Equity Armor Investments, LLC d/b/a The Stutland Volatility Group, LLC

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Chicago, Illinois 60606



**EQUITY ARMOR**  
I N V E S T M E N T S

FORM ADV - PART 2A INFORMATION

March 2021

This brochure provides information about the qualifications and business practices of Equity Armor Investments, LLC d/b/a The Stutland Volatility Group, LLC (the “Firm” or “EAI”). If you have any questions about the contents of this brochure, please contact us at 312-253-0423. 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.

Registration does not imply a certain level of skill or training.

Additional information about Equity Armor Investments, LLC d/b/a The Stutland Volatility Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and at [www.equityarmorinvestments.com](http://www.equityarmorinvestments.com). The Firm's IARD # is 156327

## **Item 2. Material Changes Since Last Updated Brochure**

### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

Annual update to reflect assets under management as of December 31, 2020.

### **Material Changes since the Last Update**

There have been no material changes to the brochure since our last filing in July 2020.

### **Full Brochure Available**

This brochure is being delivered in full.

### **Item 3. Table of Contents**

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#### **Item 4. Advisory Business**

Equity Armor Investments, LLC (“EAI”, “we” or “our”) began business in June 2010 and its current owners are Brian Stutland Revocable Trust (42.5%), Afshin Luke Rahbari (42.5%), and Joseph Tigay (15%).

As of December 31, 2020, EAI has \$137,562,286 in Discretionary Assets under management which includes individual clients, other investment adviser clients, and mutual funds.

We provide investment supervisory services in return for a fee calculated as a percentage of assets under management, as a flat-rate consulting fee, or an incentive fee only in our CTA programs. Services are offered directly to clients or in a sub-advisory or licensing capacity. We offer advice on stocks (exchange listed and over the counter), futures contracts, warrants, corporate debt, commercial paper, certificates of deposit, municipal securities, U.S. Government Securities, option contracts on equities and futures, and partnerships investing in real estate and oil and gas interests. The analysis methods we use to evaluate investments and our strategies performances include charting, fundamental, technical and cyclical analysis.

In addition to the above, EAI makes available the following services to clients based upon client goals:

**1. Volatility Protection Strategies.**

**EAVOL Index** is a daily rebalanced VIX futures trading strategy that is disseminated as an index value by Cboe. The goal of the index is to correlate to VIX futures returns. The EAVOL Index was created to accommodate those looking to have long volatility exposure over a long time and avoid the decay associated with such a transaction. The Index selects positions that present the least potential for time decay while maintaining the highest correlation to VIX Index price movement each day. The strategy return is calculated and disseminated with live and back dated returns by Cboe as an index under the ticker: EAVOL. The index methodology is traded in separately managed accounts, on behalf of its clients in a Commodity Trading Advisor (CTA) capacity and approved for EAI to trade in public funds. For more information about the EAVOL index, please go to [www.equityarmorinvestments.com](http://www.equityarmorinvestments.com) and click on the link to EAVOL Index on the homepage.

**2. Public Funds; The Rational Equity Armor Fund; EAVOL NASDAQ-100 Volatility Overlay Fund**

**Rational Equity Armor Fund**

Under normal circumstances, the Fund will invest at least 80% of its net assets, plus the amount of borrowings for investment purposes, in equity securities. The Fund seeks to achieve its investment objective by investing primarily in common stock of dividend paying companies included within the S&P 500 Index. The Fund may also invest up to 20% of its assets in futures contracts on the Cboe Volatility Index (the “VIX Index”) (“VIX Futures”) and in cash and cash equivalents, including U.S. Treasury obligations, as a hedge against the common stock held in the Fund’s portfolio.

Equity Armor Investments, LLC, the investment sub-advisor of the Fund (“the “Sub-Advisor”) uses a rules-based quantitative strategy to create a portfolio composed of common stock, primarily of

dividend paying companies (including real estate investment trusts (“REITs”)), that it believes offer the best return potential and low volatility under the current economic environment. Stocks are selected based on a proprietary model comprised of the following factors: (i) domestic factors such as unemployment rate, corporate cash flow, housing starts, auto sales, and new durable goods; (ii) monetary factors; (iii) interest rates; (iv) various index levels including gold index, energy prices, consumer price index; and (v) international factors such as euro exchange rates, FTSE 100, Tokyo stock exchange, and agricultural exports. The goal of the strategy is to select those companies with prices that (i) are primarily driven by the economy rather than company-specific information; (ii) are neutral or suitable in the current economy; (iii) do not exhibit excessive reaction to economic changes; and (iv) have decreased in value in lesser amounts historically than the S&P 500 Index during periods of declines in the S&P 500 Index. The Fund’s sector allocation shall not exceed approximately three times the sector’s weight in the S&P 500 Index, and the Fund’s allocation to any sector shall not exceed approximately 40% of the Fund’s assets at the time of investing. The Fund’s sector allocation is assessed and rebalanced, if necessary, on a quarterly basis. The Fund’s sector allocation process does not focus on any particular sectors.

The Fund will invest a portion of the Fund assets in VIX Futures utilizing the same methodology as the Equity Armor Investments VOL 365 Trading Strategy (the “EAVOL Trading Strategy”) by primarily investing in VIX futures at the time of purchase and will seek to achieve high correlation to the return of the EAVOL Trading Strategy for this component of the Fund’s portfolio. The EAVOL Trading Strategy is calculated pursuant to a rules-based volatility analysis of potential investments to select the securities that present the least potential for time decay while maintaining the highest correlation to the front month VIX future price movement each day. Historically, the VIX Index and its futures negatively correlate to equity price movement. Therefore, the EAVOL Trading Strategy may appreciate during times of downward equity prices or when implied volatility expectations of equities rise. Likewise, when equity prices appreciate or implied volatility expectations decline, the EAVOL Trading Strategy is likely to decline in value. Volatility analysis includes the study of price, momentum, future curves, as well as recurring price patterns. The EAVOL Trading Strategy consists primarily of VIX Futures as its sole components and holds VIX futures or VIX options to gain a high correlation to the EAVOL index. The components of the EAVOL Trading Strategy are rebalanced on a daily basis.

The Sub-Advisor may also, under higher than normal volatility conditions in the stock market choose to trade securities related to the VIX Index, such as S&P 500 Index futures, future options on S&P 500 Index futures, VIX options, and longer dated expiring VIX futures, in order to achieve the volatility overlay to the Fund’s equity exposure, if the Sub-Advisor determines that these securities provide greater access to volatility and at such time, the total EAVOL Trading Strategy. The use of such S&P 500 Index futures and options thereon will typically be used in adverse market conditions where the VIX Index is above 30, which is roughly two times its historical average price. The VIX Index is calculated based on roughly 30-day expiring S&P 500 Index options, thus VIX Futures will cash settle based on the final settlement price of the VIX Index using opening rotation procedures of the Cboe on expiration using S&P 500 Index options. Because S&P 500 Index options provide a proxy for the VIX Index and VIX Futures, S&P 500 Index options correlate to VIX Futures. Because S&P 500 Index Futures and options thereon eventually settle into the S&P 500 Index quarterly expiration, the Sub-Advisor may choose to trade such securities in place of, or in addition to, VIX Futures.

### **EAVOL NASDAQ 100 Volatility Overlay Fund**

Under normal circumstances, the Fund invests at least 80% of its net assets, plus the amount of borrowings for investment purposes, in securities that constitute the NASDAQ-100 Index® (“NDX”). For the purpose of this 80% policy, securities that constitute the NDX include the common stock of companies comprising the NDX; exchange traded funds (“ETFs”) and exchange traded notes (“ETNs”) that track the NDX; and futures and options on futures on the NDX. The Fund will consider its investment in derivatives when determining its compliance with this policy. The Fund generally invests in common stock using a near replication methodology, meaning it seeks to invest in most of the companies comprising the NDX in near proportion to the weightings in the NDX. The NDX is a large-capitalization growth index comprised of the 100 largest domestic and international (including emerging markets) non-financial companies listed on the Nasdaq Stock Market based on market capitalization. The NDX is concentrated in the technology sector. The Fund may also invest up to 20% of its assets in futures contracts on the Cboe Volatility Index® (the “VIX Index”); options on the index futures; and in cash and cash equivalents, including U.S. Treasury obligations, as a volatility overlay to hedge against the Fund’s exposure to the NDX. Volatility is the variation of the trading price over a period of time.

The VIX Index is a measure of the stock market's expectation of volatility based on S&P 500 Index options. The VIX Index is calculated based on roughly 30-day expiring S&P 500 Index options. The Fund may hold both long and short positions in the index futures at the same time. The Fund invests a portion of its assets in VIX futures utilizing the same methodology as the Equity Armor Investments VOL 365 Trading Strategy (the “EAVOL Trading Strategy”), a strategy based on a proprietary VIX futures trading strategy that seeks to correlate to VIX futures returns. The Fund primarily invests in VIX futures expiring in two-months at the time of purchase and seeks to achieve high correlation to the return of the EAVOL Trading Strategy for this component of the Fund’s portfolio. The EAVOL Trading Strategy was created by the Fund’s investment subadvisor, Equity Armor Investments, LLC (the “Sub-Advisor”) and is constructed pursuant to a rules-based volatility analysis that identifies investments that present the least potential for time 5 decay (i.e., the decline in the value of a contract over the passage of time) while maintaining the highest correlation to VIX Index price movement each day. Historically, the VIX Index negatively correlates to equity price movement. Therefore, the EAVOL Trading Strategy may appreciate during times of downward equity prices or when market forecasts expect movement in equity prices. Likewise, when equity prices appreciate or when the market does not expect movement in equity prices, the EAVOL Trading Strategy is likely to decline in value. Volatility analysis includes the study of price, momentum, future curves, as well as recurring price patterns.

The EAVOL Trading Strategy consists primarily of VIX futures. The components of the EAVOL Trading Strategy are adjusted on a daily basis. The Fund adjusts this component of the portfolio on a daily basis in order to closely track the EAVOL Trading Strategy. The Sub-Advisor may, during times of high market volatility, choose to trade securities related to the VIX Index, such as S&P 500 Index futures, options on S&P 500 Index futures, VIX options, and VIX futures with expiration dates beyond two months, in order to achieve the volatility overlay to the Fund’s equity exposure, if the Sub-Advisor determines that such instruments provide greater access to volatility and, at such time, the EAVOL Trading Strategy. The use of S&P 500 Index futures and options thereon will typically be used in adverse market conditions. Because S&P 500 Index options provide a proxy for the VIX index and VIX futures, S&P 500 Index options correlate to VIX futures. Because S&P 500 Index futures and options thereon eventually settle into the S&P 500

Index quarterly expiration, the Sub-Advisor may choose to trade such securities in place of, or in addition to, index futures. The volatility overlay aims to minimize possible losses that are common in stock indexes so that investors might be able to ride-out market swings in pursuit of their long-term investment objectives. The volatility overlay has an associated cost. If the NDX rises for a long period of time, the Fund may never show any gains. The Fund's strategy has no annualized target for the level of volatility it seeks to achieve under normal circumstances. The Fund actively trades its portfolio investments, which may lead to higher transaction costs that may affect the Fund's performance.

### **3. CTA Managed Futures.**

EAI can utilize separately managed account margin (borrowed funds) in order to capture volatility swings in the stock market using VIX futures according to the EAVOL index methodology in conjunction with S&P 500 futures and options. Of the two CTA programs, the Equity Armor Managed Futures program is most correlated to S&P 500 index returns. The Equity Armor Alpha program seeks more non-correlated returns to moves of the stock market. Positions held are typically short in duration (less than 60 days).

### **4. Outsourced CIO ("OCIO") modeling**

EAI can create personalized portfolios catered to individual client goals and risks. Advisers are able to subscribe to the EAI asset allocation models for their clients, and EAI will act as Sub-adviser, executing models for multiple accounts seamlessly. EAI will do what it does best, providing the execution, and asset rotation for advisors so they can focus on their practice. EAI uses a rules-based quantitative strategy to create a portfolio composed of common stock, Exchange Traded Funds, Exchange Traded Notes, public funds, and/or private funds that it believes offer the best return potential and low volatility under the current economic environment.

Securities are selected based on a proprietary model comprised of the following factors: (i) domestic factors such as unemployment rate, corporate cash flow, housing starts, auto sales, and new durable goods; (ii) monetary factors; (iii) interest rates; (iv) various index levels including gold index, energy prices, consumer price index; and (v) international factors such as euro exchange rates, FTSE 100, Tokyo stock exchange, and agricultural exports. The goal of the strategy is to select those asset classes with prices that: (i) are primarily driven by the economy rather than company-specific information; (ii) are neutral or suitable in the current economy which determined by comparing statistical prices and the measured economic sensitivities to current asset prices; (iii) do not exhibit excessive reaction to economic changes; and (iv) have decreased in value in lesser amounts historically than the S&P 500 Index during periods of declines in the S&P 500 Index. The sector allocation is assessed and rebalanced, if necessary, on a quarterly basis, while bond to equity exposure is rebalanced monthly, including the allocation to its own public fund.

As full compensation for its services, EAI may select public or private funds ("Funds"), all of which may pay a management fee to EAI for services provided to such Funds for acting as adviser or sub-adviser to the strategy. Thus, EAI may have incentive to utilize such Funds. Use of

such Funds will result in performance of the return of the strategy minus fees associated with the ownership of the Funds.

Advisory services are tailored to the individual needs of clients, based upon a variety of factors discussed with clients at the outset of services. Clients may impose restrictions on investing in certain securities or types of securities by letting us know in writing. Also, clients are free to meet or confer with their EAI account representative at any time. Results of EAI services are discussed as conferences occur with each client.

We do not participate in any wrap fee program where the fee for our services is combined with the fee or commissions that a client's brokerage firm charges for transaction execution services.

#### **Item 5. Fees and Compensation**

In its role as an investment adviser, EAI is compensated for its advisory services in accordance with the Fee Schedule set forth in its investment management agreement with the client which is reflected below. EAI may agree to fees that differ from the schedule below.

#### **Equity Armor Investments, LLC**

#### **ADVISORS FEE SCHEDULE**

Effective January 1, 2021

#### **Options, Overlay Consulting & Management Services – Annual Fee**

For option, overlay consulting and management services (provided by Equity Armor Investments). Up to 2.50% of assets under management based on following schedule:

<b>Net Asset Value</b>	<b>Annual Fee</b>
Less than \$249,999	2.50%
\$250,000 – 999,999	2.25%
\$1,000,000 – 1,999,999	2.00%
\$2,000,000 – 4,999,999	1.50%
\$5,000,000 – 9,999,999	1.00%
\$10,000,000+	Negotiated



When possible to choose by the broker/dealer client can opt to have fees billed daily, monthly, or quarterly in arrears based on the pro rata annual management fee. Fees may be amended at the discretion of Equity Armor Investments. Fees charged are computed based on net asset value (NAV) of assets under management on that billing cycle end date or can be chosen by the client on an average NAV over the calculated time frame. Upon approval the client instructs their respective broker-dealer to issue payment to Equity Armor Investments, LLC.

Before clients are billed, the fee calculation is reviewed by the client's EAI account representative and approved by Brian Stutland before being submitted to the client for approval. Upon approval, the client instructs their respective broker-dealer to make the payment to us. **Please be advised that EAI employees and their related accounts are not charged EAI's advisory fees.**

Clients pay all commissions and other costs and fees associated with or imposed by their respective broker-dealer. We do not impose fees, costs, or expenses beyond those contained in the Fee Schedule below. Should an advisory contract be terminated by the client, the determination of advisory fees due, if any, shall be calculated on a prorated basis.

Fees are neither billed nor collected in advance.

A client has a right to terminate a contract for advisory services, without penalty, within five (5) business days after entering into the contract if the client did not receive the firm's Form ADV, Part 2A and Schedules 2B, or Form CRS or at any other time upon written notice.

The firm's Representatives providing advice to clients do not accept compensation for the sale of securities or other investment products. Nor do they receive asset-based sales charges or service fees from the sale of mutual funds. We try and avoid activities that by their nature or structure might provide an incentive for a Representative to choose one investment over another or depart from clients' particular needs.

Clients can purchase investment products through brokerage firms and agents other than those recommended by us. Clients are required to select a broker of their choice prior to entering into the services agreement with us. That firm must be registered in the state in which the client resides.

#### Commissions on EAI Managed Accounts

Commissions' schedules, rates, charges, account fees and all other fees charged by the clients' designated brokerage firm(s) are the clients' responsibility. EAI has no input or control over rates charged at the designated broker/ dealer/ brokerage firm the client chooses. Clients are required to be fully aware and responsible for all fees and rates for trading of stocks, options, ETF's, fixed income securities and all account fees on their account(s) at their selected brokerage firm(s).

Incentive Fee: In addition to the Annual Management Fee, certain clients could agree to pay EAI a fee equal to a negotiated percentage of profits which will be detailed in that client's advisor agreement. EAI shall calculate for each calendar quarter the net increase or decrease in NAV between the last day of the prior calendar quarter and the last day of the calendar quarter for which the calculation is made, subtracting any additional contributions to the account and adding back any withdrawals from the account during the

applicable calendar quarter. Should the calculation of the NAV result in a decrease in any calendar quarter, such loss shall be carried forward and applied against each ensuing calendar quarter's NAV until such loss has been completely utilized. The Incentive Fee shall be paid on a quarterly or monthly based on the client's agreement.

The NAV of accounts managed by EAI shall be determined as of the close of business on the last business day of each calendar quarter or month, and the Annual Management Fee and Incentive Fee will be computed and billed as soon as practicable after the end of each calendar quarter or month. Fees for any partial quarter or month shall be prorated according to the portion of the quarter or month in which the account was in effect. Fees are due immediately upon receipt by client of a bill from EAI and, unless other arrangements are made, shall be paid by the custodian of the account out of the assets of the same account managed by EAI. In the event that the payment of fees to EAI requires the liquidation of securities, clients acknowledge that such redemption will have tax consequences unless their account is tax deferred.

### **Other Compensation**

As described in the examples below, EAI and/or its employees and representatives may have arrangements where compensation or some other economic benefit is received by EAI or a representative from a non-client in connection with giving advice to clients. EAI may also have arrangements where compensation or some other economic benefit is received by EAI in the form of licensing its indices' methodology for the third-party to create an investment product.

As full compensation for its services under OCIO services program, EAI may or may not receive a fee from the Adviser to which it sub-advises or licenses its OCIO services program; however, EAI may also select public or private funds ("Funds"), all of which may pay a management fee as well to EAI for services provided to such Funds for acting as adviser or sub-adviser to the Fund strategy. Thus, EAI may have an incentive to utilize such Funds. Use of such Funds will result in performance of the return of the strategy decline by the fees associated with the ownership of the Funds. The Adviser will agree to disclose this section's aforementioned information about EAI and the Funds selected by EAI to the Adviser's clients by submitting EAI's ADV Part 2A to clients. Management fees received by EAI from the Funds will be disclosed in an email to the Adviser.

EAI will usually recommend clients establish custodial accounts with unrelated broker-dealers ("Third Party Custodians"). These firms hold or custody client accounts on their records; process transactions ordered by EAI; provide computer access to EAI for client positions and provide quotes and data needed by EAI for its reports to clients. These firms may also provide the following:

1. **Support Services.** Third Party Custodians also provide EAI with a range of services and other benefits to help it conduct its business. For instance, the firms may pay for or provide EAI with technology solutions to help facilitate its integration with the firms' brokerage systems and thereby streamline its operations. These may include providing duplicate client statements, research related tools, access to block trading, ability to debit fees from client accounts, discounts on compliance, marketing, technology and practice management products provided by third party vendors, and proprietary integrated analysis, trading and reporting system that allows EAI to communicate electronically with these firms. Third Party Custodians' representatives may be available to provide administrative support to EAI. These firms may assist EAI in joining its services platform and in completing documentation to enroll clients to receive its services, and this may include providing or paying for clerical staff to assist and, in some cases, paying account transfer fees or other charges EAI clients may have to pay when changing custodians or service providers.

**2. Reimbursements.** In limited circumstances, Third Party Custodians may make direct or indirect payments to EAI. For example, they may reimburse EAI Representatives for reasonable travel expenses incurred when reviewing that firm's business and practices.

These and other services that a Third-Party Custodians may furnish provide benefits to EAI and may be made available at no fee or at a discounted fee. The Third-Party Custodian decides the terms, which may vary among the Third-Party Custodian's clients depending on the business their clients conduct and other factors.

A Third-Party Custodian's provision of these services and other benefits to EAI may be based on clients of EAI placing a certain amount of assets in accounts with them within or for a certain period of time. EAI may be influenced by this in recommending that EAI clients establish accounts with certain Third-Party Custodians and products and services that may not necessarily benefit a client's account.

Although a client is not obligated to utilize the services of these Third-Party Custodians, EAI believes that use of these firms is a convenient means of obtaining efficient transaction executions, account reference and reporting services for investment positions. However, receipt of such services also creates an inducement and conflict of interest for EAI since referring clients to any other firm may result in higher reporting and overhead costs to EAI.

In some cases, the execution prices from a particular broker/dealer for a particular transaction or set of transactions may not be better, or even be higher, than another broker could provide.

#### **Item 6. Performance-Based Fees and Side-by-Side Management**

We define side-by-side management relationships where an advisor may have a co-advisory or sub-advisory relationship with another investment advisor to provide services to a common client. We currently do not participate in side-by-side management relationships. However, EAI does execute employee and related accounts side-by-side with client accounts, and, although currently not in existence, EAI can develop a type of side-by-side management relationship such that EAI may co-advise or sub-advise a client already managed by another advisor. Some accounts in a limited number of strategies may be charged with a performance-based fee only after the client agrees to such fees and may not exceed 20% of the profits generated and is only applied after a high water mark is breached. Performance based fees are defined above as an Incentive Fee and may only be offered to Qualified Clients as defined below.

"Qualified Client" pursuant to SEC Section 205-3 means:

- (i) A natural person who or a company that immediately after entering into the contract has at least \$1,000,000.00 under the management of the investment adviser;
- (ii) A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
  - (A) Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000.00 at the time the contract is entered into; or

(B) Is a qualified purchases as defined in section 2(a)(51)(AA) of the Investment Company Act of 1940 (15U.S.C. 80a-2(51)(A)) at the time the contract is entered into; or

(iii) A natural person who immediately prior to entering into the contract is:

(A) An executive officer, director, trustee, general partner or person serving in similar capacity, of the investment adviser; or

(B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

#### **Item 7. Types of Clients**

EAI provides investment advisory services for investment companies, individuals, trusts and estates, including EAI employees and their related accounts.

The minimum market value of cash and/or securities to open an account is \$250,000. The minimum may be waived at EAI's discretion.

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

EAI offers advice on U.S. stocks (exchange listed and over the counter), futures, warrants, corporate debt, commercial paper, certificates of deposit, municipal securities U.S. Government Securities, option contracts on equities and futures, and partnerships investing in real estate and oil and gas interests. Analysis of the investment ideas includes charting, fundamental, technical, and cyclical analysis. Information sources include financial newspapers and magazines, research materials prepared by other corporate rating services, quantitative analysis of equities, annual reports, prospectuses, SEC filings and company press releases. EAI mostly relies on public information for such analysis; however, EAI reserves the right to pay for analysis or partner with third parties to receive information.

Investment strategies used to implement any investment advice given to clients include long term purchases (securities held at least one year), short term purchases (securities sold within one year), trading (securities sold within thirty days) and option buying and writing (including covered options, uncovered option, overlay, volatility or spreading strategies). Also see Item 4 for descriptions of strategies used.

Investing in securities involves risk of loss that clients should be prepared to bear. EAI does not guarantee the results of any recommendation or action. Losses can occur from receiving EAI's investment advisory advice.

#### **Item 9. Disciplinary Information**

EAI has no legal or disciplinary events of a material nature that might impact a client's or prospective client's evaluation of EAI's business's integrity or the integrity of its management.

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

There are no registrations or applications for registration currently pending to register EAI or any person associated with it as a broker-dealer or registered representative of a broker-dealer, futures commission merchant, or commodity pool operator (or associated person for the foregoing entities). EAI is currently registered with the National Futures Association as a commodity trading advisor.

Brian Stutland periodically speaks as a contributor to CNBC network and website. While doing so, he may discuss strategies used or favored by EAI. Mr. Rahbari and Joseph Tigay are occasionally asked to participate as guest speakers by various media outlets. When giving presentations, Mr. Stutland, Mr. Rahbari and Mr. Tigay may discuss strategies used or favored by EAI.

EAI can recommend or select other investment advisers for clients but does not receive any direct or indirect compensation for such actions.

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

Representatives of EAI buy or sell securities for themselves that they also recommend to clients. Where a transaction for an EAI representative, or an account related to an EAI representative, is contemplated, a client's transaction is given priority or if possible both client and EAI representative orders can be sent in a bunch trade format in which the custodian transmits the order at equal times and is filled based upon the custodian's algorithm of order execution (see below for order priority process). EAI has developed a Code of Ethics applicable to all persons who have access to confidential client records or to recommendations being made for client accounts. Designed to prevent conflicts of interest between the financial interests of clients and the interests of EAI and its staff, EAI has designed a Code of Ethics ("Code") to be followed by EAI representatives. In some cases, side-by-side management (e.g. client and employee account trading) is going to take place. However, such management will adhere to the order priority process listed below and in the Code. The Code also established certain bookkeeping requirements relating to state reporting rules. The Code is required to be reviewed annually and updated as necessary.

As full compensation for its OCIO services (see item 4), EAI may select public or private funds ("Funds"), all of which may pay a management fee to EAI for services provided to such Funds for acting as adviser or sub-adviser to the strategy. Thus, EAI may have incentive to utilize such Funds. Use of such Funds will result in performance of the return of the strategy minus fees associated with the ownership of the Funds. A complete copy of EAI's Code is available upon request, either in writing or by phone.

#### **Item 12. Brokerage Practices**

EAI places orders to purchase and sell investments through each client's broker(s) or dealer(s). In selecting among client's broker(s) or dealer(s) for any transaction or series of transactions, EAI may consider a number of factors including, for example, net price, reputation, financial strength and stability, efficiency of the trade executions EAI receives, willingness to execute related or unrelated

difficult transactions, and other matters ordinarily involved in the receipt of brokerage service generally. EAI may cause client accounts to pay higher commissions to a broker or dealer that provides brokerage or research services to us if EAI determines in good faith that the amount of such commission is reasonable in relation to the value of the brokerage or research services provided by such executing broker or dealer viewed in terms of particular transaction(s) or our overall responsibilities to client accounts.

EAI may recommend a broker to a client, but the client may choose whichever broker best suits them.

Clients should be aware that EAI may aggregate sale and purchase orders of securities held in their account with similar orders being made simultaneously for other accounts managed by EAI, including affiliates of EAI, if, in our judgment, such aggregation results in an overall economic benefit to the client account(s) based on an evaluation that the client account(s) is benefited by relatively better purchase or sale prices, lower commission expenses, and beneficial timing of transactions, or a combination of such factors.

When aggregating a sale or purchase of various accounts the guidelines for priority process are as follows:

1. When possible, EAI will configure a profile which will allow for a bunched order with trades being executed and distributed randomly electronically by the executing broker, where all orders occur at the same price and whose time for first in to fill for execution is set by the executing broker's execution pre-trade allocation software. In the case of partial fills, EAI will have discretion to change the limit order price and/or cancel the remaining portion of the order, which may result in some clients or affiliated members having different execution prices.
2. EAI allows for orders to be executed at broker dealers that allow for average pricing of security transactions. Only bunch orders in this situation will be subject to average pricing of security transactions. Under such circumstances, all accounts being traded as a bunch order throughout the specified "window of time" (stated as follows) for the same security and in the same directional trade will be grouped into an average price across all accounts in the bunch even if bunch orders occur at separate times. When a partial fill is reported at the end of a trading day, trades between accounts will be divided up based upon each account allocation with the accounts being filled first from lowest account number to highest and vice versa the next time such issue occurs. Recording of incomplete bunch order fills will be kept in EAI's trade log.
  - a. Windows of time:
  - b. Bunch orders of this nature traded next trading day will be considered a separate bunch order subject to average pricing to that trading day rather than prior day trading.
  - c. Bunch orders of this nature traded outside of regular trading hours will also be considered a separate bunch order subject to average pricing different from that of the regular trading hours or next day regular trading hours.
3. EAI can trade in individual accounts that are not bunched when EAI deems it in the client's best interest even though bunching may be available at a broker dealer. Examples of execution of

individual accounts not being placed in the bunch despite accessibility of bunching would be for accounts:

- a. receiving inflows or outflows that day or next day,
  - b. or for accounts that are newly opened,
  - c. or for accounts that are closing,
  - d. or in the case when a partial bunch order occurs and further execution is needed to complete the account fill price.
4. Clients' orders when not placed in a bunched order will be placed prior to affiliated members' [whose](#) trades are also not bunched and executed in the same security.
5. Involving execution where only client accounts are involved or sent prior to affiliated accounts and orders are not arranged in a bunched order, clients' orders will be randomly chosen to be entered first. EAI will attempt to organize time of execution such that no client is executed twice in the same order before all other clients have been executed in that slot. For example, client A is sent and executed before client B. Client A will not have a security executed and sent first until Client B has had a second separate order sent and executed first on subsequent transactions.
6. EAI can choose to use discretion based on what is viewed best for its clients involved should circumstances arise that is best suited for all clients.
7. Clients of EAI will not cross orders (opposite sides of the market at equal prices and at the same time).

Brokerage commissions generated by client transactions belong to the client and should be used to maximize benefits to the client.

### **Best Execution**

**Background.** Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the clients' total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction, and an adviser must consider the full range and quality of a broker/dealer's services, including execution capability, commission rates or other fees, and the value of any research, financial responsibility, and responsiveness, among other things.

**Policy.** EAI shall seek best execution for securities transactions executed on the behalf of its clients. For purposes of this policy, best execution means that EAI will execute securities transactions in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances. EAI takes into consideration the full range and quality of a broker's services in placing brokerage orders, including, among other things, execution capability, trading expertise, accuracy of execution, commission rates or other fees associated with use of brokerage platforms, if any, reputation

and integrity, fairness in resolving disputes, financial responsibility, and responsiveness. EAI also may consider the value of brokerage and research services ("soft dollars") provided by the broker.

### **Soft Dollar Arrangements**

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services could be obtained by EAI from or through a broker-dealer in exchange for directing client transactions to the broker-dealer.

As permitted by Section 28(e) of the Securities Exchange Act of 1934, Adviser firms may receive economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of the Adviser's clients. These benefits include both proprietary research from the broker and other research written by third parties. A conflict of interest would exist for that Adviser who receives soft dollars as we may be incentivized to direct trades through a broker-dealer charging a higher price than others.

EAI permits soft dollar arrangements for certain products and services after making such good faith determinations. All items proposed for coverage are reviewed by the Firm's Chief Compliance Officer.

Brokerage services and products that we use must relate to trade execution from the point when EAI communicates with the broker-dealer for the purpose of transmitting a trade order through the point when funds or securities are credited to the client account. Eligible services and products include functions incidental to effecting securities transactions, such as clearance, settlement, custody, and related communications. Trading software used to route orders and algorithmic trading software are also considered to be eligible brokerage services. We may only use soft dollars for research services and products if they provide advice, either directly or through publications or writings, as to the value of securities, the advisability of buying or selling securities, and the availability of securities; or furnish analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts. Advice, analyses, and reports must provide substantive content in order to be eligible for use.

We may also use soft dollars to obtain traditional company research reports, market research, advice on market color, and execution strategies, market data, and trade analytics. Depending on the subject matter, financial newsletters and trade journals, computer software that provides securities or quantitative analysis, and seminars or conferences may be eligible for use. We may also receive services that are used for both research and "non-research purposes," such as for Firm administration or marketing. In such cases, we will make a good faith allocation of the relative proportion of the cost of non-research services and will pay for it from our own funds.

We acknowledge that conflicts of interest exist in soft dollar arrangements. Our use of soft dollars may influence our decision to use one broker-dealer over another. Your portfolio transactions may be directed to certain broker-dealers in recognition of research services furnished by them, as well as for the services rendered in the execution of their orders.



While EAI uses research to benefit all clients in its investment decision-making process, some clients may be paying for research and brokerage services while not necessarily receiving the direct benefit of these services whereas other clients may be receiving a direct benefit while not paying for these services. EAI is not required to weigh any of these factors equally. We believe that receipt of research and brokerage services provides a benefit to you, regardless of whether it is direct or indirect, by assisting EAI in its overall investment decision-making process. Research services received through soft dollar arrangements are in addition to and not in lieu of services required to be performed by EAI.

Currently such soft dollar arrangements exist with EAI's Bloomberg fees used to obtain live quotes and execution of trades, along with monitoring news and information about companies EAI invests in. In addition, there are additional fees directly from the stock exchanges for obtaining quoting data via Bloomberg. The investment management fee that you pay us is not reduced as a consequence of the receipt of such supplemental research information.

### **Item 13. Review of Accounts**

Each client account will be reviewed at least monthly by a representative at EAI with respect to all cash and security transactions. Each client account will also be reviewed to ensure activity is consistent with account objectives.

Client reports will be generated by the client's account custodian either monthly or quarterly, per client request, showing all account activity and investment values, as well as a list of all assets. Some custodians may provide daily reports. In addition, an annual summary of the above reports is generated by the custodian.

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

Other than described in Items 5, Other Compensation and Item 10, Affiliations, EAI and its representatives do not receive cash or any economic benefit (including commission, equipment, or non-research services) from non-clients in connection with giving advice to EAI clients.

EAI does not, either directly or indirectly, compensate any person or entity for client referrals but may do so in the future.

### **Item 15. Custody**

EAI does not have custody of client funds or securities. All client assets are held through registered broker-dealers. All confirmations and account statements will be generated and sent from the client's selected broker-dealer firm. Clients should carefully review all confirmations and account statements to ensure the information and billings they may receive from EAI are consistent with the information on those broker-dealer statements.

**Item 16. Investment Discretion**

Authority of EAI:

EAI has discretionary authority to manage and control the assets in each client's account. This authority is granted to EAI when a client signs EAI's discretionary management agreement. This authority allows EAI to select and purchase and sell securities in the amounts and at the times it believes are in the best interest of the client.

Investment Limitations and Guidelines:

EAI manages investments in accordance with the client's investment objective, policies and restrictions. A client may, from time to time, revise, supplement, or otherwise modify the guidelines by specifying such revision, supplement, or amendment in writing to the firm; provided, however, that no such revision, supplement, or modification shall be effective until written notice thereof is received by the firm.

**Item 17. Voting Client Securities**

EAI does not vote proxies for separately managed accounts. EAI does vote proxies for the mutual funds for which it acts as a subadvisor.

**Item 18. Financial Information**

We do not have custody of client's funds or securities or require or solicit fee payments from clients in advance.