

Checchi Capital Fund Advisers, LLC

Form ADV Part 2A Investment Adviser Brochure

March 31, 2021

This brochure provides information about the qualifications and business practices of Checchi Capital Fund Advisers, LLC. If you have any questions about the contents of this brochure, please contact Adam D. Checchi, Managing Member, at 310-432-0010. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Checchi Capital Fund Advisers, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. You may search this site using a unique identifying number, known as a CRD number, Checchi Capital Fund Advisers, LLC's CRD Number is 165937.

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Item 2: Summary of Material Changes

Annual Update

In this Item of Checchi Capital Fund Advisers, LLC (CCFA or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment in March of 2020.

Material Changes since the Last Update

Since the last ADV Annual Amendment filing, no material changes have been made to this Brochure.

Full Brochure Available

CCFA's Form ADV may be requested at any time, without charge by contacting Adam Checchi, Managing Member, at 310-432-0010.

Item 3: Table of Contents

Item 1: Cover Page	1
Item 2: Summary of Material Changes	2
Item 4: Advisory Business	4
Item 5: Fees and Compensation	4
Item 6: Performance-Based Fees and Side-by-Side Management	5
Item 7: Types of Clients	5
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9: Disciplinary Information	8
Item 10: Other Financial Industry Activities and Affiliations	8
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	9
Item 12: Brokerage Practices	10
Item 13: Review of Accounts	11
Item 14: Client Referrals and Other Compensation	11
Item 15: Custody	11
Item 16: Investment Discretion	11
Item 17: Voting Client Securities	12
Item 18: Financial Information	12

Item 4: Advisory Business

Firm Description

Checchi Capital Fund Advisers, LLC (CCFA or the Firm) is a registered investment adviser which offers portfolio management services to investment companies registered under the Investment Company Act of 1940 and insurance-dedicated funds. CCFA was founded in 2012.

Principal Owners

CCFA is owned by Loeb Capital West, LLC, Canal Capital Partners, LLC, and two trusts controlled by Kathryn D. Checchi, who is a Principal of CCFA. . Adam D. Checchi, the Managing Member of CCFA, is the sole member of Loeb Capital West, LLC.

Investment Advisory Services

CCFA offers its services to registered investment companies and insurance dedicated private funds. At this time, CCFA does not service any active investment advisory contracts.

Wrap Fee Programs

CCFA does not participate in a Wrap Fee Program.

Client Assets

As of December 31, 2020 CCFA had \$0 in assets under management. Assets managed by CCFA were historically managed on a discretionary basis.

Item 5: Fees and Compensation

CCFA offers investment management services to registered investment companies and insurance-dedicated funds.

Future annual investment management fees will be determined pursuant to individual negotiations between CCFA and prospective Fund clients.

CCFA utilizes certain exchange traded funds and other investment vehicles (“acquired funds) in circumstances in which direct investments in certain securities/markets may be impractical due to high trading costs, minimum required investment allocations, and/or other factors. Fees and expenses charged by acquired funds are separate and distinct from advisory fees and expenses charged by CCFA and other service providers to the funds. Consequently, to the extent that the CCFA Funds invest in acquired funds, shareholders shall be assessed fund level fees and expenses both by the CCFA Funds and the acquired funds.

Termination of Agreement

Either party has the right to terminate any agreement without penalty with written notice. CCFA will earn fees pro-rata through the date of termination. Upon termination of the account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Item 6: Performance-Based Fees and Side-by-Side Management

Neither CCFA nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

CCFA does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Item 7: Types of Clients

Types of Clients

As described in Item 4, CCFA is a registered investment adviser offering portfolio management services to investment companies registered under the Investment Company of 1940 and insurance-dedicated funds.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

CCFA combines a quantitative approach in security analysis with an index methodology to construct portfolios of securities for the Funds. CCFA utilizes databases from several sources as input to its own statistical computer models. This quantitative processing produces security portfolio recommendations that capture specific market level risk exposures. CCFA employs fundamental, technical and behavioral data in its computer models.

CCFA's approach is not designed to capture idiosyncratic differences between companies and therefore does not provide advantage in security selection. CCFA's process relies on the quality of the data it obtains, the quality of the statistical models it builds and the firm's ability to execute efficiently.

Aggressive Return Strategy

The Aggressive Return Strategy attempts to capture the performance of the riskier portion of the domestic and international equity and fixed income markets by employing an investment approach designed to focus on those securities that have the highest expected return sensitivity, as determined by CCFA.

CCFA uses a proprietary scoring algorithm to rank the world's investable equity and fixed income securities by expected return sensitivity. The algorithm uses fundamental and technical variables to score each security. CCFA periodically scores and ranks the securities in its universe of the world's investable equity and fixed income securities, and divides the universe into market value deciles by score. CCFA manages the Aggressive Return Strategy to closely approximate the key characteristics of the top decile (i.e., the 10% of the world's securities by market value that provide the highest expected return sensitivity based on the score). For this purpose, CCFA invests in a sampling of securities that, in the aggregate, are selected to provide performance that corresponds generally to the performance of the top decile. The securities in the top decile will change from time to time. As CCFA conducts its periodic scoring and ranking of the universe, CCFA will modify the CCFA Aggressive Return Strategy's holdings accordingly. The mix between equity and fixed income securities is expected to vary significantly from time to time, and it is possible for the Aggressive Return Strategy to be 100% invested in either asset class at any time.

CCFA Core Return Strategy

The CCFA Core Return Strategy attempts to capture the performance of 90% of the domestic and international equity and fixed income markets by employing an investment approach designed to focus on all securities other than those that have the highest expected return sensitivity, as determined by CCFA.

CCFA uses a proprietary scoring algorithm to rank the world's investable equity and fixed income securities by expected return sensitivity. The algorithm uses fundamental and technical variables to score each security. The sub-adviser periodically scores and ranks the securities in its universe of the world's investable equity and fixed income securities, and divides the universe into market value deciles by score. CCFA manages the CCFA Core Return Strategy to closely approximate the key characteristics of the nine deciles other than the top decile (i.e., the 90% of the world's securities by market value, excluding the 10% that provide the highest expected return sensitivity based on the score). For this purpose, CCFA invests in a sampling of securities that, in the aggregate, are selected to provide performance that corresponds generally to the performance of the nine deciles. The securities in the nine deciles will change from time to time. As CCFA conducts its periodic scoring and ranking of the universe, CCFA will modify the CCFA Core Return Strategy's holdings accordingly.

Risk of Loss

Investing in securities involves risk of loss that investors should be prepared to bear.

Every mutual fund and insurance fund should provide offering and/or other documents which outline their Principal Investment Risks. Fund investors should work with their Financial Adviser to better understand their tolerance for risk.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Foreign Investment Risk:** Foreign investments present certain risks not typically associated with investing in United States securities or property. Such risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the United States or foreign governments, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the United States, and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies..
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a

standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Additionally, some investments may become illiquid due to changing market conditions and/or other factors and there is no assurance that any particular investment may be liquid at any particular point in time.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9: Disciplinary Information

CCFA and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10: Other Financial Industry Activities and Affiliations

Broker-Dealer, Futures and Commodities

CCFA is not registered as a broker-dealer, nor are its employees serving as Registered Representatives of broker-dealers.

Neither CCFA nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

Broker-Dealer Registered Representatives

As described above, certain employees of CCFA's advisory affiliate, Checchi Capital Advisers, are Registered Representatives of a broker-dealer, Arbor Court Capital, LLC. Notwithstanding the fact that affiliated persons of CCFA may be Registered Representatives of Arbor Court Capital, LLC, CCFA is solely responsible for investment advice rendered. Advisory services are provided separately and independently of the broker/dealer.

Investment Adviser – Checchi Capital Advisers, LLC

Checchi Capital Advisers, LLC (CCA) is an affiliated investment advisor registered with the SEC.

Other Investment Advisors

CCFA does not recommend or select other investment advisors, other than as described above.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

CCFA employees must comply with a Consolidated Code of Ethics. The Code describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information
- Monitoring of political contributions
- Policy on gifts and entertainment

Delia Mupita, Chief Compliance Officer reviews all employee trades each quarter. Her trades are reviewed by another employee. These reviews ensure that personal trading does not affect the markets, and that clients of CCFA receive preferential treatment.

All employees of CCFA must acknowledge the terms of the CCFA Code of Ethics at least annually.

Clients and prospective clients can obtain a copy of CCFA's Code of Ethics by contacting the Chief Compliance Officer, Delia Mupita, at 310-432-0010.

Participation or Interest in Client Transactions

Neither CCFA nor its employees recommend to clients securities in which they have a material financial interest.

Participation or Interest in Client Transactions – Personal Securities Transactions

CCFA and its employees may buy or sell securities identical to those recommended to advisory clients. These trades may not occur ahead of mutual fund or insurance fund trades. The CCFA Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of CCFA will not interfere with (i) making decisions in the best interest of the Mutual Funds or Insurance Funds and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the CCFA Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of the mutual funds or insurance funds. In addition, the CCFA Code requires pre-clearance of certain transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the CCFA Code of Ethics in some circumstances would permit employees to invest in the same securities

as the mutual funds or insurance funds, there is a possibility that employees might benefit from market activity by the mutual funds or insurance funds in a security held by an employee. Employee trading is continually monitored under the CCFA Code of Ethics to reasonably prevent conflicts of interest between CCFA and the mutual funds or insurance funds.

Item 12: Brokerage Practices

Soft Dollar Benefits

CCFA does not receive soft dollar benefits other than execution from broker/dealers in connection with securities transactions.

Brokerage for Client Referrals

CCFA does not receive investor referrals from broker/dealers.

Directed Brokerage

CCFA determines which securities are bought or sold, the amount of such securities and the timing of the purchases and sales, the broker through which transactions are effected and the commission rates or spreads paid.

Trade Aggregation

CCFA may aggregate trades for multiple accounts. Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. If the order is filled at different prices during the day, the prices are averaged for the day so that all participating accounts receive the same price. If an order has not been filled completely so that there are not enough shares to allocate among all the clients equally, shares will be allocated in good faith, based on the following considerations: amount of cash in the account, existing asset allocation and industry exposure, risk profile, and type of security. If a partial execution is attained at the end of the trading day, CCFA will generally allocate shares on a pro rata basis, but may fill small orders entirely before applying the pro rata allocation. All clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions.

CCFA's allocation procedure seeks to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.

Accounts for CCFA or its employees may be included in a block trade with client accounts.

Item 13: Review of Accounts

Reviews

Adam D. Checchi, Managing Member and Samuel T. Pfister (Director of Engineering) are the Portfolio Managers. They have the responsibility to manage fund client's holdings in accordance with each fund's binding documentation. This management process includes on-going oversight of each fund's investments, buying and selling securities, and communication with investors.

Reporting

Each month, the custodian or Fund Administrator provides fund investors with an account statement, which may include cost basis information, dividend and capital gains distributions, if any, and performance information.

Fund investors are encouraged to meet with their Financial Advisers to review their specific requirements.

Item 14: Client Referrals and Other Compensation

Other Compensation

CCFA does not receive any economic benefits (as described in Item 12) from any firm or individual for providing investment advice.

Compensation – Client Referrals

CCFA does not make or accept referral fees or any form of remuneration from other professionals when a prospect is referred to them.

Item 15: Custody

CCFA, in its capacity as investment adviser, does not retain custody of client funds or securities.

Item 16: Investment Discretion

CCFA customarily has the authority to determine the amount and type of securities to be held in client accounts.

Item 17: Voting Client Securities

CCFA votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. Institutional Shareholder Services (ISS) votes all proxies.

Clients may contact Delia Mupita, Chief Compliance Officer at CCFA at 310-432-0010 for information about CCFA's Proxy policies.

Item 18: Financial Information

CCFA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

CCFA is not required to provide a balance sheet; CCFA does not require prepayment of fees of more than \$1,200 per client, **and** six months or more in advance.