

## ADV Part 2A

### Brochure



#### Smartleaf Asset Management, LLC (“SAM”)

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March 2021

This brochure provides information about the qualifications and business practices of Smartleaf Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us 857-366-9340 or via email at [info@smartleafam.com](mailto:info@smartleafam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Smartleaf Asset Management, LLC is also available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Smartleaf Asset Management, LLC is 172273.

Smartleaf Asset Management, LLC is a Registered Investment Adviser with the Securities and Exchange Commission. Registration with the Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2: Material Changes

This firm brochure on Form ADV2A (“Brochure”) provides a summary of Smartleaf Asset Management, LLC’s services and fees, professional staff, certain business practices and policies, as well as actual or potential conflicts of interest, among other things.

This item will be used to provide clients with a summary of material changes from the disclosures made in our previous Brochure dated March 2020.

### Annual Update

Advisors are required to update certain information at least annually, within 90 days of our firm’s fiscal year end (FYE) of December 31<sup>st</sup>. Smartleaf Asset Management, LLC will provide clients within 120 days of our FYE with either our revised brochure that will include a summary of any changes in this item, or will provide clients with a summary of the revised information with an offer to deliver the full revised brochure.

As the date of the previous brochure SAM has the following material change to report:

Smartleaf has made modifications to our service offering, as described in Item 4. Our business is now focused on serving as a sub-advisor to unaffiliated advisory firms and providing model portfolios to unaffiliated firms.

If you would like to receive a complete copy of our brochure, including the supplement, please contact us at 857-366-9340 or by email at [info@smartleafam.com](mailto:info@smartleafam.com).

Item 3: Table of Contents

ITEM 1: COVER PAGE..... 1

ITEM 2: MATERIAL CHANGES..... 2

ITEM 3: TABLE OF CONTENTS ..... 3

ITEM 4: ADVISORY BUSINESS ..... 4

ITEM 5: FEES AND COMPENSATION..... 7

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ..... 8

ITEM 7: TYPES OF CLIENTS..... 8

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS..... 8

ITEM 9: DISCIPLINARY INFORMATION .....11

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....11

ITEM 11: CODE OF ETHICS .....12

ITEM 12: BROKERAGE PRACTICES.....13

ITEM 13: REVIEW OF ACCOUNTS .....14

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION .....15

ITEM 15: CUSTODY .....15

ITEM 16: INVESTMENT DISCRETION .....15

ITEM 17: VOTING CLIENT SECURITIES .....16

ITEM 18: FINANCIAL INFORMATION .....16

MISCELLANEOUS .....16

## Item 4: Advisory Business

### Firm Description and History

Smartleaf Asset Management, LLC (“Smartleaf Asset Management” or “SAM”) is a fee-based, registered investment adviser with its principal place of business located in Boston, Massachusetts. The firm was established in June 2014 as a Delaware limited liability company whose sole owner is Smartleaf, Inc. (“Smartleaf”) and the sole managing member is Gerard Michael. The Chief Compliance Officer is Diana Neuss and there are three investment advisor representatives. The team has over 40 years combined experience in the financial services industry. The firm currently has four investment professionals and several service providers for administrative and technical support. For more information about SAM’s investment advisor representatives please consult the ADV Brochure Supplement.

### Business Summary

SAM provides two types of advisory services: (1) sub-advisory portfolio management services that leverage the scale, customization and tax management capabilities of the portfolio management system developed by Smartleaf, (2) Direct Index (“Core”) Models as described below.

SAM derives its revenues from investment advisory fees only. Fees are calculated as a percentage of the assets under management (“AUM”) in the sub-advisory accounts or, in the case of Direct Index Model clients, by the assets under management in accounts managed pursuant to the model. The fees for the sub-advisory accounts are typically directly debited from the sub-advisory clients’ custodial accounts as authorized by the client. The firm does not receive any commissions or other compensation in connection with its services. No cash payments or other benefits (e.g., “soft dollars”) are received from custodians or broker-dealers based on client securities transactions. SAM’s parent, Smartleaf, and its technology affiliates may receive subscription fees from SAM or from clients that use their technology, data and/or non-investment advisory data processing services.

For more information regarding our investment philosophies and the risks of our strategies and/or specific investments recommended, please refer to the next section – Types of Advisory Services.

SAM actively seeks to avoid, or at least minimize, conflicts of interest which may exist between the firm and its clients. Conflicts of interest will be disclosed to clients and managed, to the extent feasible in the context of SAM’s business model and operational capabilities, in the best interest of the client. In those instances when unavoidable conflicts of interest arise, we have adopted policies that seek to incorporate and address the client’s best interests.

### Sub-Advisory Portfolio Management

Smartleaf Asset Management offers sub-advisory portfolio management services to third-party advisors (“Advisors”) who manage discretionary accounts. SAM enters into a sub-advisory agreement with the Advisor whereby the Advisor appoints SAM to manage all or a portion of its client’s accounts utilizing portfolio management software created by its affiliate Smartleaf, SAM has no direct relationship with the Advisor’s clients, and the Advisor is solely responsible for determining the suitability of the parameters given to SAM for management of each account.

SAM offers Advisors using the Sub-Advisory Service extensive asset allocation, product choice, customization and tax management options, detailed below.

Trading decisions for each account are highly customized, depending on each account's assigned asset allocations and models, customization settings, tax management considerations, and legacy holdings. As a result, it is possible that the same security may be purchased for some accounts and sold for other accounts on the same day.

#### Separately Managed Accounts or Unified Managed Accounts

SAM manages on a sub-advisory basis, unified managed accounts ("UMA"s), meaning accounts targeted to follow models comprised of combinations of mutual funds, exchange traded funds ("ETFs"), cash, the Advisor's equity models and third-party ("open architecture") equity models.

SAM can also manage, on a sub-advisory basis, separately managed accounts ("SMA"s), meaning accounts, or subaccounts, targeted to follow a single equity model provided by the Advisor or sourced from a third-party.

#### Access to Third-Party and Direct Index Models

For both UMAs and SMAs, SAM provides Advisors with access to third-party models through the model hub of its parent, Smartleaf. These third-party model providers may charge an additional fee for the use of their models. SAM passes this cost through to the Advisor. The model hub that SAM makes available to Advisors includes direct index models – models designed to track an index, usually at lower cost than comparable actively managed models. The model hub includes direct index models from third-parties, as well as SAM's own "Core Models" which are direct index models, as described below.

#### Custom Asset Allocation

SAM manages accounts in accordance with asset allocations set by the Advisor. Advisors provide SAM with a set of standard asset allocations, e.g. "Conservative" or "Aggressive Growth", which the Advisor may update as the Advisor sees fit. SAM itself does not create or recommend asset allocations, though it may make asset allocation models available from third-party providers through the Smartleaf model hub.

The Advisor assigns each account an asset allocation from this predefined list. The Advisor may then customize the asset allocation of any account, as supported by the Smartleaf Portfolio Management software.

For each asset class in their asset allocations, Advisors specify their desired investments– any combination of mutual funds, ETFs, and direct investment in individual securities based either on the Advisor's proprietary equity models and/or equity models from third-parties. Advisors may customize the type of investments in each asset class for each account.

SAM does not recommend specific investments or products, though it may make its Core Models available to the Advisor, along with equity models available from third-party providers through the Smartleaf model hub.

#### Environmental, Social and Governance (ESG) Customization

SAM provides Advisors with extensive Environmental, Social and Governance (ESG) constraint options, e.g. "Catholic Values", "Sharia" or "Environmental", for each account.

### Glide path

Advisors may set up multi-year “glide paths” for each account, wherein the desired risk characteristics of the account change over time, e.g. moving from “Aggressive Growth” to “Conservative” over a 20-year period.

### Tax management

The advisor may set numerous tax management parameters for each account, including:

- Tax rates
- Tax budget
- Loss harvesting preferences
- Gains deferral preferences

### Other customization options

SAM offers the Advisor additional customization options for each account, including security constraints and custom cash management parameters.

### Core Models

SAM’s Core Models are direct index models, which means they are designed to track the performance of a selected equity index (e.g., the S&P 500® Index) with a smaller number of securities than the index.”.

SAM currently offers two Core Models, both of which track the S&P 500 Index: the SCM-70, which holds roughly 70 stocks, and the SCM-150, which holds roughly 150 stocks. SAM plans to release, from time to time, Core Models that track an index but with adjustments to reflect ESG or other factors.

SAM’s Core Models are distributed to clients (“Model-Only Clients”). through Smartleaf’s model hub, which also includes index- based and active models from third parties which are made available to users of Smartleaf’s portfolio management overlay software. whose sole relationship with SAM is the purchase of the Core Models. Fees for Core Models are based on the AUM of the Model-Only Client’s accounts that are managed pursuant to the Core Models (currently over \$450,000,000).

### Wrap Fee Programs

Smartleaf Asset Management, LLC does not manage assets under wrap fee programs or manage assets for any wrap fee accounts.

### Types of Investments

SAM’s investment programs are limited to US publicly traded mutual funds, ETFs, ADRs and equities.

### Client Assets Under Management

As of March 31, 2021, SAM has \$107,799,973.00 of discretionary assets under management.

## Item 5: Fees and Compensation

Except as described below, SAM bases its fees on a percentage of assets under management at the end of a billing period. All fees are negotiable and may be billed quarterly or monthly in arrears based on the average daily or end of period account balance.

When SAM is engaged by an Advisor, the Advisor, pursuant to client authorization, may instruct the account's custodian to pay SAM's fee directly to SAM out of the account's assets. SAM has no authority to deduct fees from the account—this authority rests solely with the Advisor. Alternatively, the Advisor may pay SAM directly. Advisor's clients will receive, at least quarterly, statements from the custodian which will reflect all of the activity in the account, including the deduction of the Advisor's fee. Fees for accounts initiated during a fee period may or may not be prorated as determined by the Advisor's agreement with the client.

### Fees for Sub-Advisory Services

Fees for Smartleaf Asset Management's services will range from .05% to .35% of the assets under SAM's management with a minimum fee of \$60 per year. Such fees are negotiable.

### Fees for Core Models

For providing Core Models to Model-Only Clients, SAM will negotiate fees with institutions on a case-by-case basis. These fees will be based on a percentage of AUM in accounts managed by the institution following the model portfolio data.

### Other Costs Involved

In addition to the above fees, client accounts will pay any fees and expenses charged by third parties in connection with portfolio transactions and maintenance of a custodial account. Such fees may include, as applicable, Advisor fees, brokerage commissions, transaction fees, custodial fees, transfer taxes, wire and electronic fund fees, and other fees and taxes related to transactions and investments in the account.

### Trading

Client accounts will bear trading costs which will reduce portfolio returns.

### Fees in General

Under no circumstances will SAM collect fees in excess of \$1,200 more than six months in advance of services rendered.

### Account Statements

Sub-advisory clients receive, at least quarterly, account statements from the custodian of their account, reflecting all activity in the account including the purchase and sale of securities and the deduction of fees, including advisory and, if applicable, sub-advisory fees.

### Compensation for Sales of Investment Products

The firm's compensation is derived solely from fees paid directly by Advisors and Model-Only Clients. The firm does not receive commissions, referral fees, or "soft-dollar research" related to its investment advisory business.

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

Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. SAM does not charge performance-based fees.

SAM may manage its own proprietary assets or assets of its parent, affiliates, principals or supervised persons using the same algorithm used to manage assets for SAM's other clients.

## Item 7: Types of Clients

Smartleaf Asset Management primarily acts as a sub-advisor to other investment advisors. These advisors, in turn, provide investment management services to individuals, including high net worth individuals, institutions and to certain types of trusts.

SAM also sells the Core Model portfolios to institutional investors, primarily wealth managers.

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

### Summary

SAM does not itself recommend asset allocations, products, tax management preferences or customization preferences. SAM trades each account to follow the asset allocation and products (ETFs, mutual funds, equity models) selected by SAM's clients for that account, in a manner consistent with the tax management and customization parameters assigned to that account by SAM's clients. To accomplish its goals, SAM leverages software and data provided by its parent company, Smartleaf.

All investments involve different degrees of risk. Smartleaf cannot guarantee the successful performance of any investment. Any investment in equity securities may result in losses arising from market conditions up to and including the amount invested.

The sub-advisory portfolio's performance will be reduced by SAM's fee, the Advisor's fee and other transactional, service and custody expenses. Investments in mutual funds and ETFs are subject to fund-level expenses paid to the funds' investment manager, custodian and other service providers.

Customization and tax management may negatively impact an account's returns and/or its fidelity in tracking its assigned target asset allocations and products.

### Investment Strategies

Portfolio holdings are determined through SAM's investment process described above, and may be customized based on each clients' unique requirements.

Accounts will remain fully invested to follow the asset allocations and product selections (which may include cash or money market instruments) selected by SAM clients regardless of market conditions, e. g. the state of the general economy; local, regional, or global political, social or economic instability; currency and interest rate fluctuations; and issuer- or sector-specific events. Market conditions may affect certain types of stocks (such as large cap or growth stocks) to a greater extent than other types of stocks. If the stock market or relevant benchmark declines, the value of the portfolio is likely to decline as well, and there is no assurance that the values will return to prior levels.

SAM's portfolios do not borrow, trade on margin or otherwise employ leverage. SAM does not engage in short selling or other hedging strategies. SAM does not buy or sell options or other equity derivatives.

### Methods of Analysis

Smartleaf, SAM's parent company, licenses portfolio management software to SAM.

Smartleaf's rebalancing software uses proprietary optimization analytics to keep accounts close to their "target" – the combination of asset allocation and product selection assigned to the account by the client -- while adhering to constraints and minimizing taxes and expenses. Targets can be thought of as the portfolio that would be purchased for an account if the account started with all cash and no restrictions.

Smartleaf uses a multi-factor risk model to generate an estimate of tracking error between the investor's account and its target. Smartleaf's optimization analytics seek to minimize tracking error, while obeying all investor constraints and minimizing taxes and transaction costs. Smartleaf's tax analytics seek both to avoid realized gains and to generate realized losses. Factors considered when deciding whether to hold a given tax lot with unrealized gains include: whether and by how much the underlying security is overweighted, the investor's tax rates, if the holding period is short term (and if short term, the time until long term status), the availability of correlated securities that can be underweighted to offset the overweight of holding the lot, the ranking of the security, etc.

### Market, Security and Regulatory Risks

Clients should be aware that there are risks associated with all types of investments, including investment in equity securities. Investments are not insured or guaranteed. Investing in securities involves risk of loss up to the amount invested and clients should assess their willingness to assume the risk of such losses.

Any investment in SAM portfolios involves significant risk, including a loss of a client's initial investment. All investment programs have certain risks, as described below. All investments involve different degrees of risk. Clients should be aware of the risk tolerance level and financial situations of the underlying account owners at all times. SAM cannot guarantee the successful performance of an investment, including performance in tracking a benchmark, and is cannot guarantee accounts against losses arising from market conditions.

The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by SAM. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific

industries or companies. The securities markets may be volatile, which may adversely affect the ability to realize profits.

The performance of the portfolios substantially depends upon SAM successfully tracking the performance of the benchmark indices of the portfolios. Customization, tax management, expense management, market volatility, issuer-specific developments, unusual market conditions and other factors could create significant tracking error in a portfolio.

#### Material Non-Public Information.

If certain principals or employees of SAM and/or its affiliates acquire confidential or material nonpublic information or are restricted from initiating transactions in certain securities, SAM may not be free to trade the security in question. Due to these restrictions, SAM may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. SAM does not anticipate acquiring material nonpublic information in the normal course of its investment advisory activities.

#### Non-U.S. Investments.

SAM does not manage direct foreign ordinary shares. However, SAM may create and offer Core Models that invest in ADRs. SAM may make available to its clients, through the Smartleaf model hub, models from third-parties that contain ADRs. Investing in the equity securities of companies outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets, and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries, which may be less protective of investors than corresponding U.S. laws and regulations; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the client's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as robust as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S.

#### Sector Risk

SAM may offer Core Models that track concentrated non-diversified indexes, e.g., sector indexes and may make available to its clients, through the Smartleaf model hub, concentrated models from third-parties. These models will bear the undiversified risk of their underlying index. A strategy that concentrates its investments in a particular sector of the market (e.g., financial services or technology) may be affected by events that adversely affect that sector, and the value of the portfolio using such a strategy may fluctuate more than that of a less concentrated portfolio.

#### Strategy Risk.

Some of the models offered through Smartleaf's model hub, including SAM's Core Models, will be less diversified than the benchmark indices they seek to track. Portfolios tracking these models may be more vulnerable to issuer-specific adverse events (such as poor management, product failures, brand harm, fraud or trading suspensions) than the benchmark indices they seek to track.

### Strategy Restrictions.

Certain clients (e.g. ERISA clients) may be restricted from utilizing investment models SAM makes available through the Smartleaf model hub, or may restrict SAM from utilizing them. Clients who may be so restricted should consult their own advisors, counsel, and accountants to determine what restrictions may apply or may be appropriate.

### Trading Limitations

For all securities, instruments and/or assets listed on an exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the account to loss. Also, such a suspension could render it impossible for SAM to liquidate positions and thereby expose the client to potential losses.

## Item 9: Disciplinary Information

### Legal and Disciplinary

Neither SAM nor its members have been disciplined by any governing authority, including any regulatory agency, CFP Board of Standards, or any industry association of which they are licensed and/or are members.

## Item 10: Other Financial Industry Activities and Affiliations

### Activities

SAM and its associated persons do not have any outside financial industry activities or outside financial industry affiliations.

SAM, as a fiduciary to its clients, endeavors at all times to put the interest of clients first. SAM is required to disclose to clients the existence of any material conflicts of interest. SAM does not receive compensation from any service providers associated with clients' accounts except as otherwise disclosed.

Neither SAM nor its members are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

Neither SAM nor its members are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

SAM does not have any material business relationships with other investment advisors that it recommends or selects for clients.

In managing client accounts, SAM licenses data and software developed and owned by its parent company, Smartleaf. SAM and Smartleaf share some employees and resources. In this connection SAM pays some portion of its revenues from its advisory activities to Smartleaf. SAM does not invest client assets in Smartleaf.

## Item 11: Code of Ethics

It is the responsibility of all SAM employees to ensure that SAM conducts its business with the highest level of ethical standards and in keeping with its fiduciary duties. SAM employees have a duty to place the interest of the clients first, and to refrain from having outside interests that conflict with the interests of its client(s).

SAM strives to observe the highest industry standards of conduct based on its obligation as a fiduciary to its clients. In an effort to meet this obligation, SAM has adopted a written Code of Ethics (the “Code”) that is applicable to all employees. Each employee will be provided a copy, and is required to acknowledge, in writing, that they have received, read, understand and will abide by, the Code, and SAM’s Compliance Manual, upon commencement of employment and upon any material change to the Code.

The Code requires that employees act in the interests of SAM’s clients and comply with applicable laws and regulations. Employees are expected to avoid any action that is, or could even appear to be, legally or ethically improper. The principles outlined in the Code apply to all conduct, whether or not the conduct is also covered by more specific standards or procedures set forth in the Code, Compliance Manual, or elsewhere. Employees are required to bring any violations, actual or suspected, of the Code immediately to the attention of Smartleaf’s Chief Compliance Officer (“CCO”). Failure to comply with the Code may result in disciplinary action or other sanctions including termination of employment.

The Code also places certain restrictions on the personal trading activities of employees and their immediate family members. Employees may generally engage in personal trading. Employees may purchase and sell mutual funds and exchange traded funds (“ETFs”) – including mutual funds and ETFs that track or are otherwise related to the same benchmarks as SAM’s Core Models. Other securities not specifically permitted may be traded only by obtaining prior approval and subject to pre-clearance by the CCO. Employees are required to disclose their personal securities holdings annually and personal securities transactions quarterly to the Chief Compliance Officer. Employees’ participation in initial public offerings or in limited offerings are subject to pre-clearance procedures.

SAM, its employees or affiliates (collectively “Related Persons”), may have investments in the securities included in the Core Portfolios or which are included among the assets selected by an Advisor for inclusion in the sub-advisory portfolios. As a result, Related Persons may also have an interest in securities which are also in client portfolios.

A copy of the Code of Ethics shall be provided to any client or prospective client upon request. Material components of the Code, in summary form, include:

### Prohibited Conduct.

SAM employees must avoid any conduct that is inconsistent or might appear inconsistent with their duty of complete loyalty to clients.

### Privacy of Client Information.

All information relating to clients' portfolios and activities, and proposed recommendations is strictly confidential. Consideration of a particular security purchase or sale may not be disclosed, except to authorized persons.

#### Personal Securities Transactions.

SAM employees shall comply with SAM's personal account trading policy summarized below.

#### Conflicts of Interest.

SAM employees may not use any confidential information or otherwise take inappropriate advantage of their positions for the purpose of furthering any private interest or as a means of making any personal gain. Employees and their immediate families may not accept any benefit from clients or any person who does business with SAM, other than business courtesies and non-cash gifts of nominal value.

#### Restricted Securities.

If it deems necessary in its sole discretion, SAM shall maintain a restricted list of securities for which no trading by employees is allowed, for example because SAM may have material non-public information. The CCO shall have the authority to determine when a temporary restriction on trading a particular security or securities is warranted because of activity in a client account.

### Item 12: Brokerage Practices

Smartleaf Asset Management, LLC reviews the execution of trades at each custodian. The review is documented in accordance with SAM's compliance manual. Trading fees charged by the custodians are also reviewed. Smartleaf does not receive any portion of the trading fees.

#### Broker Selection

When acting as a sub-advisor, SAM executes all transactions through the Advisor's custodian or the executing broker selected by the Advisor's custodian, provided that SAM has an established relationship with that custodian or agrees to establish one.

Currently all of SAM's sub-advisory accounts are held in custody at Interactive Brokers (IB), a registered broker-dealer. SAM believes that IB offers industry-leading low transaction prices, best execution, and excellent integration tools and interfaces that allows SAM to trade client's accounts at the lot level for maximum tax efficiency. IB may also offer other reporting, presentations, market data and other services for free to all investment advisers as part of its trading platform. There is no direct or indirect cost to clients associated with these free services.

The brokerage commissions and/or transaction fees charged by IB or any other broker-dealer, are exclusive of, and in addition to, SAM's fee. The commissions and/or transaction fees charged by IB may be higher or lower than those charged by other broker-dealers. Any rebates or other revenue of any kind resulting from account transactions are the property of Clients.

SAM has no economic relationship with a broker-dealer that creates a material conflict of interest.

#### Relationships with Brokers

SAM does not enter into any "soft dollar" arrangements and does not pay higher commissions in order to receive goods or services from brokers.

IB may provide SAM with access to trading and operations services that are typically not available to retail investors, but are generally made available to independent investment advisers for the benefit of their clients, at no charge to them, and with no regard to number of transactions or amount of orders placed through IB's system. Such services, which assist SAM in providing services to the accounts may include software and other technology that provide access to client account data, facilitation and aggregation of trade execution, pricing information and other market data. IB facilitates payment of SAM's fees from its clients' accounts, and assists with reporting.

SAM may also receive at no cost unsolicited generic research reports as well as continuing education and practice management materials.

#### Allocation and Aggregation of Trades

In general, SAM trades are determined by algorithms that seek to improve the portfolio's tracking error, while obeying client mandates, tax management preference and customization preferences. Trades may also occur because of inflows or outflows. Concurrent trades for the same security in multiple accounts are generally aggregated (or "blocked") to achieve a more favorable result. Such trades are allocated proportionately among the affected accounts at the average trading price. Some account positions may not be aggregated due to tax management or other considerations. SAM allocates any partial executions of aggregated trades among impacted accounts on a proportional or "pro rata" basis.

Any rebates or other revenue of any kind resulting from account transactions are the property of Clients.

#### Directed Brokerage

When acting as a sub-advisor, Smartleaf Asset Management, LLC executes all transactions through the Advisor's custodian or the broker-dealer affiliated with or otherwise selected by the Advisor's custodian, provided that SAM has an established relationship with that broker-dealer or agrees to establish one. Direct Clients are required to open an account with Interactive Brokers.

Clients may request in writing that SAM use a particular broker-dealer to execute some or all transactions for the client. In that case, and only if SAM agrees to use that broker-dealer, the client will negotiate terms and arrangements for the account with that broker-dealer, and SAM will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by SAM (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

#### Soft Dollars

SAM does not receive soft dollar benefits from any custodian or broker.

### Item 13: Review of Accounts

SAM licenses portfolio management software from its parent, Smartleaf. SAM uses this software to automatically review client accounts on a daily basis to identify rebalancing opportunities that would reduce the tracking error of the account relative to account's target and/or assure that the portfolio is in compliance with the account's customization and tax management parameters. Client accounts are automatically monitored for

exceptional circumstances (e.g. high levels of cash or tracking error), and senior management meets monthly to review client accounts flagged as exceptions. A more frequent review may be triggered by a change in a client's investment objectives or other unusual circumstances. All portfolios are reviewed at least annually.

Because SAM follows the asset allocation, product choices, tax management parameters and customization parameters of set by its clients, clients are encouraged to review their needs, goals and objectives to consider whether they remain consistent with their needs.

## Item 14: Client Referrals and Other Compensation

SAM does not receive any economic benefit from any person (other than the client) for providing services to client accounts.

SAM may maintain relationships with individuals who solicit clients on its behalf. Such solicitors are independent contractors and are not employees of the SAM. SAM may also maintain relationships with unaffiliated registered investment advisers who may recommend SAM to prospective clients to manage all or a portion of the client's asset. In both cases, if the solicitation is successful, the solicitor will receive a specified percentage of the investment advisory fees paid by the client. Such solicitor arrangements will comply with the requirements set forth in Rule 206(4)-3 of the Investment Advisers Act of 1940. Solicited Clients will receive a Disclosure Statement that discloses the solicitation relationship, defines the compensation arrangement between SAM and the Solicitor, and also specifies whether the client pays a higher fee because of this arrangement.

SAM only accepts solicited clients from states where the solicitor is properly registered (or not subject to registration) and not subject to any regulatory disqualifications.

## Item 15: Custody

SAM does not have custody of any clients' assets.

### Custodian Account Statements

Qualified custodians that hold clients' assets will provide account statements directly to clients at their address of record at least quarterly. The statement will indicate all amounts disbursed from the account including the amount of management fees paid directly to the Advisor. Clients are encouraged to carefully review the statements provided by their custodians.

### Internal Account Statements

Clients may receive supplemental quarterly account statements (i.e. tax benefits report) prepared by SAM that summarize trades or non-trades (i.e. deferred gains) aimed at reducing the investor's tax bill.

## Item 16: Investment Discretion

### Discretionary Authority for Trading

SAM exercises discretionary trading authority with respect to client accounts. This authority is granted to SAM by the third-party Advisor, who, in turn, is authorized by its clients to hire discretionary sub-advisors on behalf of their accounts. Subject to the parameters and restrictions designated by the Advisor, SAM determines, without obtaining specific consent for each trade, the securities to be bought or sold and the amount of the securities.

SAM does not manage the portfolios of its Model-Only Clients.

## Item 17: Voting Client Securities

SAM does not vote proxies on behalf of advisory clients. Either the Advisor or the clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

## Item 18: Financial Information

### Balance Sheet

A balance sheet is not required to be provided because SAM does not serve as a qualified custodian for client funds or securities, other than as described above, and does not require prepayment of fees of more than \$1,200 and six months or more in advance.

### Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

SAM does not have any financial impairment that will preclude it from meeting contractual commitments to clients.

### Bankruptcy Petition during the Past Ten Years

Not applicable to SAM or its members.

## Miscellaneous

### Privacy

SAM prohibits the disclosure of any client-related non-public personal information as collected by the firm throughout the client/firm relationship. However, Smartleaf may make limited disclosure of such information as authorized by the client, or as otherwise provided by law. A copy of SAM's Privacy Notice will be provided to each client upon inception of the relationship and annual thereafter.

### Business Continuity Plan

SAM has made preparations via a planning document to expedite the resumption of business in the event of a major disruption. Among other issues, the plan details how clients may access their accounts in the event of an emergency. A copy of the Business Continuity Plan disclosure is available for review by request.