



Item 1: Cover Page

Firm Brochure  
(Part 2A of Form ADV)

**Toroso Investments, LLC**

***DBA Name:***  
**Toroso Asset Management**

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*March 31, 2021*

This Firm Brochure (“brochure”) provides information about the qualifications and business practices of Toroso Investments, LLC (“Toroso”), a registered investment adviser.

If you have any questions about the contents of this brochure, please contact us at 844-986-7676 or by email at [dcarlson@torosoinv.com](mailto:dcarlson@torosoinv.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training. Additional information about Toroso is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

This Brochure contains updated information about Toroso Investments, LLC's (referred to herein as "Toroso," "Firm," "Company" or "Adviser") business since the last annual update dated March 30, 2020. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD). The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure. Toroso wants to make you aware of the following material changes:

- We have expanded the disclosure in Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss to reflect additional risks and conflicts related to Toroso.
- We have expanded the list of ETFs advised/sub-advised by Toroso disclosed in Item 4 and have also included the addition of the ATAC Rotation Mutual Fund, advised by Toroso as of May 2020.

This Brochure is prepared according to the SEC's requirements and rules. Other amendments may have been made to this Brochure, which may not have been discussed in this summary, and consequently, we encourage you to read this Brochure in its entirety. Currently, our Brochure may be requested by contacting Toroso at 844-986-7676.

Clients and prospective clients are strongly encouraged to review this Brochure very carefully. Pursuant to SEC Rules, Toroso will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of our fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as Toroso experiences material changes in the future, we will send you a summary of our "Material Changes" under separate cover. For more information about the firm, please visit <http://torosoinv.com/>. Additional information about the firm and our investment adviser representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4: Advisory Business

Toroso Investments, LLC (“Toroso”) is a Delaware limited liability company founded in March of 2012. Toroso also operates under the following “doing business as” or “DBA” name: Toroso Asset Management. No outside companies or individuals currently own more than 25% of Toroso’s voting rights. Over 50% of Toroso’s voting rights are with employee-members.

### Types of Advisory Services

Toroso is dedicated to understanding, researching and managing assets within the expanding exchange-traded fund (ETF) universe. Toroso’s investment philosophy emulates many of the values and benefits inherent in ETFs such as: transparency, liquidity and tax efficiency. Toroso offers fee-only discretionary and non-discretionary investment management services to individuals; high net worth individuals, including family offices and institutions, which primarily include qualified pension plans, Taft-Hartley plans, and 401(k) plans. Additionally, Toroso provides fee-only non-discretionary pension consulting services to corporate retirement plans and non-discretionary outsourced chief investment officer (OCIO) consulting services to financial advisors. Furthermore, Toroso provides investment advisory and investment sub-advisory services to several ETFs, some of which also receive non-advisory services from its affiliated firm, Tidal ETF Services LLC. Toroso generally acts under the DBA name “Toroso Asset Management” when providing the foregoing services.

Toroso also provides bespoke independent financial services to individual investors, retirement plan sponsors and corporations. Toroso provides an ETF-focused, diversified asset allocation approach that is outcome focused and strives for consistent performance while embracing each client’s specific risk tolerance and true time horizon. Toroso generally provides these services via its Toroso Advisors division, or Faro Advisory division (a sub-division of the Toroso Advisors division).

Prospective clients can enter into a discretionary or non-discretionary investment management services agreement directly with Toroso. Direct separate account clients will participate in one or more interviews that will assist Toroso in obtaining information about the client’s financial situation so that Toroso can recommend one or more of its investment strategies and portfolio options to the client. In general, tailored investment advice will be provided to these clients as recommended investment strategies and portfolio options.

### Investment Adviser, Sub-Adviser and Sponsor to ETFs

As noted above, Toroso also serves as investment adviser pursuant to an investment advisory agreement (an “Advisory Agreement”) to the ETFs listed below. Toroso has the primary responsibility for managing each Fund’s strategy, including investment selection and weighting of portfolio securities. As compensation for its services, each ETF pays Toroso an advisory fee based upon the ETF’s average daily net assets.

Similarly, Toroso also serves as an investment sub-advisor pursuant to an investment sub-advisory agreement to the ETFs listed below. For these ETFs, subject to oversight of each ETF’s investment adviser, Toroso has the primary responsibility for managing each Fund’s strategy, including investment selection and weighting of portfolio securities. As compensation for its services, Amplify Investments, LLC (“Amplify”) has agreed to pay Toroso an annual sub-advisory fee based upon each ETF’s average daily net assets. Amplify is the adviser to the Amplify ETF’s and is responsible for paying the entire amount of Toroso’s sub-advisory fee. The ETFs do not directly pay Toroso.

In addition, Toroso and Amplify have entered into agreements to share potential profits of ETF-generated advisory fees, generally referred to as an ETF Sponsor agreement. Toroso and Amplify are not affiliated with one another.

The existence of these advisory, sub-advisory, or profit-sharing agreements create material conflicts of interest because they provide Toroso with an incentive to increase each ETF's assets under management. One-way Toroso may do so, is to invest client assets in those ETFs. However, to mitigate that conflict of interest, Toroso does not charge its advisory fees on client assets invested in Toroso-advised, sub-advised or sponsored ETFs.

Please see table below listing the ETFs that are advised, sub-advised and/or sponsored by Toroso. Also, see Item 8: Methods of Analysis, Investment Strategies and Risk of Loss for additional information related to risks inherent in the ETFs.

ETF	Adviser	Toroso's Role (if not the Adviser)
Amplify Advanced Battery Metals and Materials ETF ("BATT")	Amplify Investments LLC	Sub-adviser and Sponsor
Amplify Transformational Data Sharing ETF ("BLOK")	Amplify Investments LLC	Sub-adviser and Sponsor
Amplify BlackSwan Growth & Treasury Core ETF ("SWAN")	Amplify Investments LLC	Sub-adviser
Amplify Pure Junior Gold Miners ETF ("JGLD")	Amplify Investments LLC	Sub-adviser
Amplify International BlackSwan Core ETF ("ISWN")	Amplify Investments LLC	Sub-adviser
Aware Ultra-Short Duration Enhanced Income ETF ("AWTM")	Toroso Investments, LLC	
RPAR Risk Parity ETF ("RPAR")	Toroso Investments, LLC	
SoFi Weekly Income ETF ("TGIF")	Toroso Investments, LLC	
Dow Jones Global Sukuk ETF Fund ("SPSK")	Toroso Investments, LLC	
S&P 500 Sharia Industry Exclusions ETF Fund ("SPUS")	Toroso Investments, LLC	
SP Funds S&P Global REIT Sharia ETF ("SPRE")	Toroso Investments, LLC	
ATAC US Rotation ETF ("RORO")	Toroso Investments, LLC	Adviser and Sponsor
Leatherback Long/Short Absolute Return ETF ("LBAR")	Toroso Investments, LLC	
Leatherback Long/Short Alternative Yield ETF ("LBAY")	Toroso Investments, LLC	
Adasina Social Justice All Cap Global ETF ("JSTC")	Toroso Investments, LLC	
Gotham Enhanced 500 ETF ("GSPY")	Toroso Investments, LLC	
Sound Fixed Income ETF ("SDFI")	Toroso Investments, LLC	

Sound Enhanced Fixed Income ETF (“SDEF”)	Toroso Investments, LLC	
Sound Equity Income ETF (“SDEI”)	Toroso Investments, LLC	
Sound Enhanced Equity Income ETF (“SDEE”)	Toroso Investments, LLC	
Sound Total Return ETF (“SDTR”)	Toroso Investments, LLC	
Euclid Capital Growth ETF (“EUCG”)	Toroso Investments, LLC	
SoFi Select 500 ETF (“SFY”)	Toroso Investments, LLC	
SoFi Next 500 ETF (“SFYX”)	Toroso Investments, LLC	
SoFi 50 ETF (“SFYF”)	Toroso Investments, LLC	
SoFi Gig Economy ETF (“GIGE”)	Toroso Investments, LLC	

#### Adviser to a Mutual Fund

Toroso provides advisory services to the ATAC Rotation Fund, part of the Managed Portfolio Series (MPS). The ATAC Rotation Fund is an absolute return, tactical strategy. The fund seeks to rotate between equities or Treasuries based on leading indicators of stock market volatility. In offensive mode, ATAC can invest in U.S. large cap ETFs, U.S. small cap ETFs, or emerging market ETFs. In defensive mode, ATAC can invest in long duration bonds or short duration bonds. The indicators are evaluated on a weekly basis for potential rotations in the portfolio.

<b>Mutual Fund</b>	<b>Adviser</b>	<b>Toroso’s Role (if not the Adviser)</b>
ATAC Rotation Fund (ATACX)	Toroso Investments, LLC	

### Toroso Advisors Division

Toroso Advisors is a division of Toroso. Toroso Advisors offers fee-only discretionary and non-discretionary investment management services to individuals; high net worth individuals, including family offices; and institutions, which primarily include qualified pension plans, Taft-Hartley plans, and 401(k) plans. Additionally, Toroso provides fee-only non-discretionary pension consulting services are offered via Toroso Advisors primarily to corporate retirement plans. Such services typically include the provision of advice regarding investment strategies, investment policy, asset allocation, asset class specification and investment vehicle selection, as well as portfolio monitoring services.

### FARO Advisory Division

FARO Advisory is a division of Toroso's "Toroso Advisors" division. FARO Advisory is a diverse business unit managed by top and nationally recognized minority executives who are committed to supporting inclusiveness. They provide the same types of advisory services as Toroso Advisors, with the added expertise in designing culturally relevant financial services that effectively engage today's workforce across industries, such as healthcare, education, construction, and other professional services.

### Assets Under Management

As of December 31, 2020, Toroso had approximately \$3.2 billion in discretionary assets under management, as well as approximately \$2.4 billion in non-discretionary assets under management, totaling approximately \$5.6 billion in assets under management.

## **Item 5: Fees and Compensation**

### Investment Management Fees

#### Direct Clients and Platform Clients

Toroso offers its investment management services on a fee only basis and does not have a standard fee schedule. All fee arrangements are negotiated on an individual basis with each direct client or with each wealth management and/or wrap fee platform, which then applies to all clients obtained through that platform. Direct high net worth individual clients and direct institutional clients will typically be charged an advisory fee in the range of 0.50% to 1.50% of assets under management on an annual basis. Wealth management and/or wrap fee platform clients will also typically pay advisory fees in the range of 0.25% to 1.00% of assets under management on an annual basis, which is separate from any advisory fees that the client may pay to an investment adviser, unaffiliated with Toroso, that recommends and/or recommended that the client allocate some or all of their assets into a Toroso portfolio option and separate from any advisory fees paid to a wealth management platform, if applicable.

With respect to direct clients, advisory fees are paid in advance and typically deducted within fifteen business days of the beginning of each calendar quarter directly from the client's custodial account, based on the custodial market value as of the last day of the prior calendar quarter. Direct clients, however, may elect to be billed separately for Toroso's advisory fees in lieu of having them deducted from their custodial accounts. With respect to wealth management and/or wrap fee

platform clients, fees associated with the platform, including Toroso's advisory fee, are calculated by the platform and are generally directly deducted from the client's custodial account. Wealth management and/or wrap fee platform clients should refer to the disclosure documents from and/or contracts with their platform for information on the frequency of fee billing, whether fees are charged in advance or arrears, and the method of calculation. The amount of advisory fees remitted by a wealth management and/or wrap fee platform to Toroso is based on the aggregate amount of the platform's assets under Toroso's investment management.

Advisory fees are prorated for any new accounts opened during a calendar quarter. In the event that a direct client terminates its investment management services agreement with Toroso prior to the end of a quarter or a wealth management platform client ceases to be a client of the platform, the client will receive a refund of any unearned management fees that were deducted from their custodial account. The amount of the refund will be calculated by dividing the most recent management fee by the number of days in the quarter and multiplying that figure by the number of days left in the quarter following the date of termination.

#### Non-Discretionary Pension Consulting Fees

Fees for Toroso's non-discretionary pension consulting services are negotiated on an individual basis with each pension plan and/or the pension plan's sponsor. Pension plan clients typically pay fees in the range of 0.10% to 1.25% of assets under management on an annual basis, subject to a minimum annual fee, which is also negotiable, of \$3,800 or \$950 per quarter. Toroso's pension consulting fees are generally calculated by the pension plan administrator or its designee, which then authorizes payment to Toroso. Pension consulting fees are generally paid in arrears on a quarterly basis but may be paid fully or partially in advance. In the event that a non-discretionary pension consulting client pays Toroso's pension consulting fees for a quarter fully in advance and terminates its pension consulting services agreement with Toroso prior to the end of the quarter, the pension consulting client will receive a refund of any unearned pension consulting fees. The amount of the refund will be calculated by dividing the most recent pension consulting fee by the number of days in the quarter and multiplying that figure by the number of days left in the quarter following the date of termination. If, however, a pension consulting client pays partially in advance and partially in arrears for the quarter and terminates their relationship with Toroso prior to the end of the quarter, the client will receive a refund based on the same calculation methodology noted above but such calculation will only include fees received as of the date of termination.

#### Non-Discretionary Portfolio Consulting Fees

All fees for non-discretionary exchange traded product portfolio consulting services are negotiated on an individual basis with each consulting client, depending on the scope of the engagement. Fee arrangements for exchange traded product portfolio consulting services are typically on an annual or per project fixed fee basis.

#### Other Fees

Please see the "Selecting Broker Dealers" section below for a discussion regarding brokerage that may be relevant to this discussion of fees. Client portfolios invest in ETFs, exchange traded notes ("ETNs") and may invest in mutual funds and closed-end funds as part of Toroso's investment strategies. Investments in ETFs, ETNs, mutual funds, and closed-end funds, generally include an embedded investment management fee paid to an unaffiliated third-party investment adviser as well as internal expenses. As such, clients with investments in these types of securities will be subject to two layers of management fees and expenses, and in the case of wealth management and/or wrap



fee platform clients, three or four layers of management fees and expenses.

**Fees paid to Toroso for services provided as Adviser or Sub-Adviser to ETFs and the Mutual Fund are described in each respective fund's Prospectus and Statement of Additional Information filed with the SEC.**

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

Toroso does not currently enter performance-based fee arrangements with its advisory clients.

## **Item 7: Types of Clients**

Toroso offers its investment management services directly to clients such as individuals; high net worth individuals, including family offices; and institutions (described more below). These services are offered through the dba Toroso Asset Management, and the divisions Toroso Advisors and Faro Advisory.

Toroso also offers its investment management services via various wealth management and/or wrap fee platforms, which in turn make Toroso's investment strategies and portfolio options available to their clients. With respect to clients obtained via wealth management and/or wrap fee platforms, there are no minimum account requirements or restrictions on types of clients imposed by Toroso, however, each platform may impose its own restrictions regarding minimum investment or account opening requirements or the types of clients it will accept. Pension consulting services are offered primarily to corporate retirement plans.

In addition, Toroso's portfolio management and investment advisory services are offered (directly or indirectly through an advisory or sub-advisory arrangement to registered investment companies. Toroso currently provides investment management services as an investment adviser on a discretionary basis through the various types of products as described in Item 4 above including investment companies registered under the 1940 Act.

Toroso also offers its investment management services directly to institutions, which primarily include qualified pension plans, Taft-Hartley plans, and 401(k) plans; pooled investment vehicles, which include collective investment trusts and investment companies registered under the Investment Company Act of 1940.

Outsourced chief investment officer (OCIO) portfolio consulting services are offered to investment advisers and/or investment management companies. These consulting services can be offered as periodic non-discretionary, sub-advisory or purely ad hoc consulting which may present conflicts of interest in certain situations described Advisory Business section above. Consulting services other than portfolio-related ones are also offered to investment advisers and/or investment management companies like registered investment advisers.

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

### Methods of Analysis and Investment Strategy

For separately managed account clients, Toroso currently offers three primary outcome-oriented investment strategies, (1) the Wealth Preservation Series, (2) the Target Income Series, and (3) the Growth Series. We also offer risk-based models that combine our three outcome-based solutions.

1. The All Weather Plus Series strives to preserve wealth by investing primarily in ETFs that represent four different asset classes: equities, fixed income, inflation beneficiaries such as commodities, and cash equivalents. Clients who select the All Weather Plus Series can then choose from three different portfolio options, which are derived from Harry Browne's Permanent Portfolio asset allocation concept, depending on how they perceive current economic conditions or their expectations of future economic conditions. Toroso's three All Weather Plus Series portfolio options (and general target allocations) are:
  - All Weather Plus (25% equities, 25% inflation beneficiaries, 25% fixed income, 25% cash);
  - Prosperity Plus (50% equities, 25% inflation beneficiaries, 12.5% fixed income, 12.5% cash); and
  - Recession Plus (12.5% equities, 12.5% inflation beneficiaries, 25% fixed income, 50% cash).

When selecting specific ETFs for the All Weather Plus Series, Toroso primarily focuses on index construction and portfolio exposures. Toroso favors ETFs that provide specific exposures that Toroso believes complement the goals of the portfolio and, at a reasonable price, provide an opportunity to potentially grow faster than the overall market. However, Toroso seeks to avoid ETFs that implement tactical asset allocation strategies, ETFs that appear to be overly exposed to specific sectors, and ETFs whose portfolio companies engage in cannibalistic tactics (e.g., companies where the competition creates a zero-sum outcome). ETFs that make it through the first level of review are then evaluated based on attributes such as market capitalization, price-to-book ratios, fees, liquidity, and the availability of options on the ETF. Additionally, Toroso analyzes the index methodologies of each ETF under consideration and evaluates the extent of any overlapping holdings in other ETFs already held within the portfolio.

2. The Target Income Series seeks to replicate the behavior of traditional fixed income type portfolios by investing primarily in ETFs, ETNs, closed-end funds, bonds, preferred stocks, and options. Although the Target Income Series seeks to maximize yield and total return, the primary goal of accounts managed with the strategy is to provide income and the return of principal at a stated date. Clients who select the Target Income Series can choose from three different portfolio options based on a target yield level: 3% yield with a time horizon of 5 years, 5% yield with a time horizon of 10 years, and 7% yield with a time horizon of 15 years. In constructing the models for each portfolio option, Toroso seeks, but is not obligated, to maintain an average duration of 5, 10, and 15 years and an average credit quality of AA, A and BBB, respectively. When selecting securities, Toroso focuses on the following factors: yield, credit quality, duration, liquidity, and, if applicable, the amount of any premium or discount to the underlying investment vehicle's net asset value (NAV).
3. Although investment advisory representatives of Toroso will generally use Toroso's All Weather Plus or Target Income Series as the core of their clients' portfolios. Toroso's

investment advisory representatives have the discretionary flexibility to recommend Growth Strategies and other types of investments as part of a satellite strategy in order to supplement and/or adjust the client's expected return, exposure to certain asset classes, sectors, or issuers, and/or overall risk profile.

Toroso offers two different portfolio options for its Growth Strategies – the (A) Sector Opportunities Strategy and the (B) Global Alpha Strategy.

- The Sector Opportunities Strategy will be offered to clients looking for an all-equity investment that strives to outperform the S&P 500 Index. Clients selecting this strategy will have approximately 80% of their account invested in a concentrated allocation of three to six industry sector or sub-sector ETFs that are expected to perform better than the S&P 500 Index. The remaining 20% of the client's account will be invested in products that strive to benefit from market volatility.
  - The Global Alpha Strategy will generally be offered as a satellite strategy to be used in conjunction with a client's existing investment in one of the three All Weather Plus Series portfolio options that will serve as the core of the client's account. The strategy will invest primarily in ETFs and mutual funds, which have volatilities that appear to have the potential to exceed the overall market, in order to seek better performance than the market in general. Toroso also strives to minimize overlaps between the portfolio holdings of the client's core wealth preservation type holdings and satellite Global Alpha Strategy holdings. The goal of the Global Alpha Strategy is to provide clients with returns in excess of the iShares MSCI ACWI ETF (Symbol: ACWI).
4. Finally, primarily for third-party platforms that are used by retirement plans, Toroso will offer the Target Risk Series, which consists of five different portfolio options: Conservative Income, Conservative Growth, Moderate Growth, Growth, and Aggressive Growth. Accounts managed in the same series via different platforms may be invested in different ETFs because certain ETFs are not available on all platforms.
- The Conservative Income portfolio option is similar to the Target Income Series in that ETPs are used to create portfolios that seek to replicate the behavior of traditional fixed income securities, but with a target income or yield level. Toroso uses a barbell approach to allocate a portion of the portfolio to higher yielding ETPs while maintaining an allocation to cash equivalents in order to have available funds to tactically increase allocations to higher yielding securities as opportunities arise.
  - The Conservative Growth portfolio option is nearly identical to the All Weather Plus Series portfolio option, which primarily invests in ETFs to obtain equal-weighted exposure to equities, inflation beneficiaries/ commodities, fixed income and cash asset classes.
  - The Moderate Growth portfolio option follows a core satellite approach by investing approximately 70% of the portfolio according to the Conservative Growth portfolio option and the remaining 30% to equity-focused ETFs that are selected based on fundamental analysis.
  - The Growth portfolio option follows the same core satellite approach (as the Model Growth option) but allocates approximately 50% to the Conservative Growth portfolio option and the remaining 50% to equity-focused ETFs that are selected

based on fundamental analysis.

- The Aggressive Growth portfolio option allocates approximately 90% of the portfolio to equity-focused ETFs that are selected based on fundamental analysis while maintaining a 10% allocation to the Conservative Growth portfolio option.

Note: All of the target allocations noted above are approximate and are subject to change. Actual account holding percentages will vary depending for various reasons such as market conditions and the performance of the underlying ETFs and securities.

To ETFs, Toroso can act as an ETF Adviser, Sub-adviser or Sponsor. Toroso looks to leverage its experience to help ETFs grow in any role that is appropriate.

1. Toroso serves as the investment adviser to the Aware Ultra-Short Duration Enhanced Income ETF (“AWTM”), an actively managed ETF. AWTM seeks to maximize current income targeting a yield of 0.75% to 1.00% over the 3-month Treasury Bills while maintaining preservation of capital and daily liquidity. AWTM is a series of Tidal ETF Trust (the “Trust”). Tidal ETF Services LLC (“Tidal”), an affiliate of the Toroso, serves as the Fund’s fund administrator.
2. In addition, Toroso serves as investment adviser to SOFI SELECT 500 ETF (“SFY”), SOFI NEXT 500 ETF (“SFYX”), SOFI 50 ETF (“SFYF”), SOFI GIG Economy ETF (“GIGE”), SOFI Weekly Income ETF (“TGIF”) and each is a series of the Trust. SFY seeks to track the performance, before fees and expenses, of the Solactive SoFi US 500 Growth Index, which, in turn, seeks to provide exposure to the 500 largest publicly traded U.S. companies as measured by market capitalization. SFYF seeks to track the performance, before fees and expenses, of the Solactive SoFi US 50 Growth Index, which, in turn, provides exposure to the 50 U.S. companies that rank highest according to SoFi’s proprietary growth score. GIGE seeks long-term capital appreciation by providing exposure to companies involved in the shift towards a “gig” economy—a free-market system comprised of freelancers and shared resources, such as transport and real estate. TGIF seeks to provide weekly income by investing in investment grade and high-yield fixed income securities. Tidal serves as the fund administrator.
3. Toroso serves as the investment adviser to the RPAR Risk Parity ETF (“RPAR”), an actively managed ETF. RPAR will diversify its allocations amongst four asset classes – equities, commodities, Treasury bonds (Treasuries), and Treasury inflation-protected securities (TIPS). The holdings are structured in each asset class so as to present a similar risk and return profile. RPAR seeks to generate positive returns during periods of economic growth, preserve capital during periods of economic contraction, and preserve real rates of return during periods of heightened inflation. RPAR is a series of the Tidal ETF Trust and Tidal serves as the Fund’s fund administrator.
4. Toroso serves as the investment adviser to the SP Funds S&P 500 Sharia Industry Exclusions ETF (“SPUS”), SP Funds Dow Jones Global Sukuk ETF (“SPSK”) and SP Funds S&P Global REIT Sharia ETF (“SPRE”). SPUS is a passive fund that seeks to track the performance, before fees and expenses, of the S&P 500 Shariah Industry Exclusions Index (the “Index” or the “Shariah Index”). SPSK is also a passive fund that seeks to track the performance, before fees and expenses, of the Dow Jones Sukuk Total Return (ex-Reinvestment) Index (the “Index” or the “Sukuk Index”). SPRE seeks to track the performance, before fees and expenses, of the S&P Global All Equity REIT

Shariah Capped Index. The index includes all REIT securities listed in developed and emerging markets and included as constituents of the S&P Global BMI Shariah Index, a comprehensive global Sharia-compliant index of publicly traded equity securities. SPUS, SPSK, and SPRE are a series of the Tidal ETF Trust and Tidal serves as the Funds' fund administrator.

5. Toroso serves as the Sub-Adviser and Sponsor to the Amplify Transformational Data Sharing ETF ("BLOK"). BLOK is an actively managed ETF, which seeks to provide total return by investing at least 80% of net assets in equity securities of companies actively involved in development and utilization of blockchain technologies. BLOK strives to outperform the EQM-Emerita Blockchain BLOK 50 Global Index.
6. Toroso serves as the Sub-Adviser to the Amplify Advanced Battery Metals and Materials ETF ("BATT"). BATT is an actively managed ETF that seeks to provide exposure to Lithium, Cobalt, Nickel, Manganese and Graphite via publicly traded stocks. Companies in BATT's portfolio are principally engaged in the business of mining, exploration, production, development, processing or recycling of advanced battery metals and materials. BATT strives to outperform the EQM Battery Metals and Mining Index.
7. Toroso serves as the Sub-Adviser to the Amplify BlackSwan Growth & Treasury Core ETF ("SWAN"). SWAN is an actively managed ETF that seeks investment results that correspond to the S-Network BlackSwan Core Index (the Index). The Index's investment strategy seeks uncapped exposure to the S&P 500, while buffering against the possibility of significant losses. Approximately 90% of the ETF will be invested in U.S. Treasury securities, while approximately 10% will be invested in SPY LEAP Options in the form of in-the-money calls.
8. Toroso serves as the Sub-Adviser the Amplify International BlackSwan Core ETF ("ISWN"). ISWN is an actively managed ETF that seeks investment results that correspond to the S-Network International BlackSwan Index (the Index). The Index's investment strategy seeks exposure to the MSCI EAFE (with no artificial cap), while also protecting against significant losses. Approximately 90% of ISWN is invested in U.S. Treasury securities, and approximately 10% is invested in EFA LEAP options in the form of in-the-money calls.
9. Toroso serves as the Sub-Adviser the Amplify Junior Gold Miners ETF ("JGLD"). JGLD is an actively managed ETF that is a portfolio of companies engaged in junior and exploratory gold mining. Companies must derive at least 75% of revenues from the sale of gold or royalty agreements; or, for exploratory gold producers, 75% of surveyed deposits must be attributable to gold. JGLD seeks investment results that correspond generally to the EQM Pure Junior Gold Miners Index.
10. Toroso serves as Investment Adviser and Sponsor to the ATAC US Rotation ETF ("RORO"). RORO seeks total return and to achieve its investment goal by utilizing a systematic risk management and rules-based strategy to direct its exposure to either US equity securities or long-duration US Treasury securities depending on the short-term relative price movements of gold as compared to lumber.
11. Toroso serves as Investment Adviser to the Leatherback Long/Short Absolute Return ETF (LBAR) and the Leatherback Long/Short Alternative Yield ETF (LBAY), both actively managed ETFs. LBAR seeks to achieve its investment objective by purchasing long positions in securities believed to be undervalued and taking short positions in

securities expected to decline in price. LBAR will generally have net exposure of 0-80% long. LBAY seeks to achieve its investment objective by purchasing long positions in securities believed to provide sustainable shareholder yield (defined as dividends plus buybacks plus debt paydowns) and taking short positions in securities expected to decline in price. LBAY will generally have net exposure of 75% - 110% long.

12. Toroso serves as Investment Adviser to the Adasina Social Justice All Cap Global ETF (JSTC). JSTC is an actively managed ETF and seeks to achieve its investment objective by investing the fund's assets in a portfolio of global companies whose business practices are aligned with the social justice investment criteria (Adasina Social Justice Index). Under normal market conditions, it will invest in at least three countries (one of which may be the United States) and will invest at least 40% of its total assets at the time of purchase in non-U.S. companies.
13. Toroso serves as Investment Adviser to the Gotham Enhanced 500 ETF (GSPY). GSPY is an actively managed ETF that seeks to achieve its investment objective by generally investing in securities of issuers included in the S&P 500 and weigh those securities based on the Advisers assessment of value and each security's weight in the Index.
14. Toroso serves as Investment Adviser to the Sound Fixed Income ETF (SDFI), Sound Enhanced Fixed Income (SDEF), Sound Equity Income ETF (SDEI) Sound Enhanced Equity Income ETF (SDEE), and Sound Total Return ETF (SDTR), all actively managed ETFs. SDFI and SDEF seek to achieve its investment objective by investing in fixed income securities. SDFI seeks to prioritize income and SDEF prioritizes income while also providing the opportunity for capital appreciation. SDEI and SDEE seek to achieve their investment objective by investing in common stock issued by dividend paying, mid- and large-capitalization companies whose market capitalization at the time of purchase is typically in excess of \$2 billion. SDEE will seek to "enhance" equity returns by writing call and put options on individual equity securities held in the Fund's portfolio. SDTR seeks to deliver a dividend return that is at least 1.5 times that of the S&P 500 Index and generate meaningful long-term capital growth.
15. Toroso serves as Investment Adviser to the Euclid Capital Growth ETF (EUCG). EUCG is an actively managed ETF that seeks capital appreciation by utilizing systematic trend-following techniques, market analysis and risk management to direct its exposure to various U.S. and non-U.S. equity sectors, styles, and asset classes in a low-risk environment and to fixed income securities, cash, or cash equivalents for non-equity exposure in a higher-risk environment.
16. The ATAC Rotation Fund ("ATACX" Investor Class/ "ATCIX" Institutional Class) is an open-end mutual fund that was proxied to Toroso effective May 1st, 2020 and is a series of the Managed Portfolio Series ("the Trust"). Toroso serves as the Fund's Investment Adviser. The ATAC Rotation Fund seeks to achieve absolute positive return over time and invests the Fund's assets primarily in shares of exchange-traded funds that track various indices. These indices may track the performance of the equity and/or fixed income markets.

#### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Toroso's investment approach constantly keeps the risk of loss in mind and Toroso attempts to mitigate portfolio risk through diversified asset allocation and targeted security selection within asset classes, which seeks to avoid investments in ETFs with index methodologies that are overly exposed to sector risk or tactical knockouts.

The following is not meant to be a complete description of potential risks. For each ETF that Toroso provides advisory services to, please see the Prospectus of that ETF for a complete list of the material risks specific to that ETF.

- **Market Risk:** The price of any security, including ETFs, ETNs, mutual funds, closed-end funds, equities, bonds and other financial instruments may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a securities or financial instruments' particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment, including ETFs, 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.
- **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.
- **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 bonds.
- **Call Risk:** Bonds that are callable carry an additional risk because they may be called prior to maturity depending on current interest rates thereby increasing the likelihood that reinvestment risk may be realized.
- **Credit Risk:** The price of a bond depends on the issuer's credit rating, or perceived ability to pay its debt obligations. Consequently, increases in an issuer's credit risk, may negatively impact the value of a bond investment.
- **Inflation Risk:** When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Speculation Risk:** The commodities markets are populated by traders whose primary interest is in making short-term profits by speculating whether the price of a security will go up or go down. The speculative actions of these traders may increase market volatility that could drive down the prices of commodities.
- **Geopolitical Risk:** The world's natural resources are located in various continents and the jurisdiction over those commodities lies with sovereign governments, international companies, and many other entities. Disagreements over licensing agreements, tax structures, environmental concerns, employment of indigenous workers, and access to technology could negatively impact the price of commodities.

Additionally, international disagreements over the control of natural resources could negatively impact the price of commodities.

- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Foreign Market Risk:** The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets in the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market or by large investors' trading significant blocks of securities, than as it is in the United States. The limited liquidity of some foreign markets may affect Toroso's ability to acquire or dispose of securities at a price and time it believes is advisable. Further, many foreign governments are less stable than that of the United States. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries.
- **Counterparty and Broker Credit Risk:** Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions. There may be a risk of loss of assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearinghouse.
- **Personnel Risk:** Toroso is heavily dependent on the activities, judgment and availability of Messrs. Carlson and Venuto, each of whom are key to performing certain critical functions relating to Toroso's daily operations. In the event of the death or permanent disability of Mr. Carlson or Mr. Venuto, Toroso's operations may be materially disrupted until a suitable successor is found.
- **Leverage Risk:** Although Toroso does not employ leverage in the implementation of its investment strategies, some exchange traded products and CEFs employ leverage. Leverage increases returns to investors if the investment strategy earns a greater return on leveraged investments than the strategy's cost of such leverage. However, the use of leverage exposes investors to additional levels of risk and loss that could be substantial.
- **Manager Risk:** Toroso may recommend or utilize the services of other advisers in the management of client accounts, primarily to provide tactical overlay guidance or recommendations regarding asset allocations. Despite Toroso's efforts, an account's value may decrease if Toroso relies on recommendations received from such investment advisers that do not properly evaluate current economic conditions or do not correctly anticipate changes to economic or market conditions.
- **Exchange-Traded Funds:** ETFs are typically investment companies that are legally classified as open-end mutual funds or unit investment trusts ("UITs"). However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies and the market price for a share of an ETF



may fluctuate from the value of its underlying securities. Consequently, ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread”, which generally varies based on the ETF’s trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940, some ETFs, in particular those that invest in commodities, are not registered as an investment company.

- **Exchange-Traded Notes:** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some common risks associated with ETNs are that the issuer may be unable to repay the principal, interest (if any), and any returns at maturity or upon redemption. In addition, the trading price of an ETN in the secondary market may be adversely impacted if the issuer’s credit rating is downgraded. The index or asset class for performance replication in an ETN may be concentrated in a specific sector, asset class or country and may therefore carry specific risks.
- **Leveraged and Inverse ETFs, ETNs and Mutual Funds:** Leveraged ETFs, ETNs and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of the underlying index’s return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual resetting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and may not be appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.
- **VIX Futures:** VIX futures are among the most volatile futures contracts. VIX futures are almost continually in a state of contango, a situation where the futures price is higher than the expected future spot price. ETFs that hold VIX futures on a continuous basis must “roll” their contracts as each expiration date approaches in order to maintain their VIX exposure. Furthermore, as VIX futures are mean reverting, which means that the futures price and the future spot price must converge, eventually the futures price must drop, the future spot price must rise or a combination of the two must occur, but usually involving some drop in the futures price.

Consequently, such ETFs must generally sell VIX futures contracts about to expire at a price lower than the price at which it purchases a replacement VIX futures contract to roll their position. In order to generate a profit, ETFs that invest in VIX futures must generate a return that exceeds the costs of contango, which may be substantial and, consequently, ETFs benchmarked to the VIX or investing materially in VIX futures should not be expected to appreciate over extended periods of time.

- **Digital Commodity Risk:** To the extent strategies have exposure to digital commodities through its investments in Blockchain Funds, investment companies or ETFs, the value of those investments is subject to fluctuations in the value of the underlying digital commodity. The value of digital commodities is determined by the supply of and demand for the commodity in the global market for the trading of digital commodities, which consists of transactions on electronic digital commodity exchanges. Pricing on digital commodity exchanges and other venues can be volatile and can adversely affect the value of an investment strategy. Currently, there is relatively small use of digital commodities in the retail and commercial marketplace in comparison to speculators in the asset, thus contributing to price volatility that could adversely affect the investment. Digital commodity transactions are irrevocable and stolen or incorrectly transferred digital commodities may be irretrievable. As a result, any incorrectly executed transactions could adversely affect the value of the investment.
- **Fund Performance Risk:** The performance of each client's account will depend in part upon the performance of the investment adviser to each underlying investment vehicle selected for the client's account (Underlying Fund), the strategies and instruments used by the Underlying Funds, and Toroso's ability to select Underlying Funds and effectively allocate client assets among them. The Underlying Funds each have their own unique investment objective, strategies, and risks. There is no guarantee that the Underlying Funds will achieve their investment objectives and a client account will have exposure to the investment risks of the Underlying Funds in direct proportion to the allocation of assets among the Underlying Funds. The investment policies of the Underlying Funds may differ from strategy used for the client's account. Although Toroso will regularly evaluate each Underlying Fund to determine whether its investment program is consistent with the relevant Toroso investment strategy, Toroso will not have any control over the investments made by an Underlying Fund. The investment adviser to each Underlying Fund may change aspects of its investment strategies at any time. Toroso will not have the ability to control or otherwise influence the composition of the investment portfolio of an Underlying Fund.
- **Asset Allocation and Rebalancing Risk:** The risk that a client's assets may be out of balance with the target allocation. Any rebalancing of such assets may be infrequent and limited by several factors and, even if achieved, may have an adverse effect on the performance of the client's assets.
- **Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues.** Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 has spread (and is currently

spreading) rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

- **Privacy/ Cybersecurity Risk:** The risk of actual and attempted cyber-attacks, including denial-of-service attacks, and harm to technology infrastructure and data from misappropriation or corruption, and reputation harm. Due to Toroso interconnectivity with third-party vendors, exchanges, clearing houses and other financial institutions, Toroso, and thus indirectly our clients, could be adversely impacted if any of them is subject to a successful cyber-attack or other information security event. Although Toroso takes protective measures and endeavors to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact or render Toroso unable to transact business on behalf of clients.

## **Item 9: Disciplinary Information**

Neither Toroso nor any of its supervised persons have been the subject of any legal or disciplinary events that would be material to an evaluation of Toroso or the integrity of Toroso's management.

## Item 10: Other Financial Industry Activities and Affiliations

### Affiliations

#### *Tidal*

Tidal ETF Services, LLC (“Tidal”) is an affiliate of Toroso formed in September 2018 and is majority owned by Toroso. Formed by ETF industry pioneers and thought leaders, Tidal sets out to disrupt the way ETFs have historically been developed, launched, marketed and sold. With a focus on helping ETF issuers, Tidal offers a comprehensive suite of services, proprietary tools, and methodologies designed to bring lasting ideas to market. As advocates for ETF innovation, Tidal wants investors to have insight and access to the most interesting and viable ETFs available today. Tidal is under common ownership with Toroso.

Toroso may use, suggest or recommend its own services or the services of Tidal in connection with Toroso’s advisory business. Specifically, Toroso may delegate administrative and consulting responsibilities to Tidal. The particular administrative and/or consulting services involved will depend on the circumstances. The arrangements may involve sharing or joint compensation, or separate compensation, subject to the requirements of applicable law.

#### *Additional*

#### Michael Venuto

In addition, Michael Venuto is an independent trustee of the Cambria ETF Trust and he receives compensation for his board services.

#### Michael Gayed

Michael A. Gayed, CFA, joined Toroso on February 1, 2020. Mr. Gayed is the Portfolio Manager of the ATAC Rotation Fund (tickers: ATACX and ATCIX), which was launched in 2012 and is designed to be a tactical, “risk-on, risk-off” mutual fund that provides low correlation and aims to defend in advance of market volatility. Mr. Gayed served as the Fund’s co-portfolio manager in his previous role with Pension Partners, LLC, an investment advisor that managed mutual funds and separate accounts. The Fund was proxied to Toroso Investments effective May 1, 2020. The Fund’s strategy has not changed, and Mr. Gayed remains the Fund’s lead portfolio manager in his new role as Portfolio Manager at Toroso Investments.

The ATAC Rotation Fund (“The Fund”) mutual fund, is a series of the Managed Portfolio Series (the “Trust”). Toroso serves as the Fund’s investment adviser. The Fund’s Prospectus and Statement of Additional Information are a part of the Trust’s Registration Statement filed with the SEC. Copies of the Trust’s complete Registration Statement may be obtained from the SEC upon payment of the prescribed fee or may be accessed free of charge at the SEC’s website at [www.sec.gov](http://www.sec.gov). Information about the Fund is also available at <https://www.atacfunds.com/index.htm>. Please refer to Toroso’s Part 2B Brochure for additional information concerning Mr. Gayed.

### Other Business Activities

Except as described below, Mr. Gayed is not actively engaged in any other investment-related business or occupation, including being registered, or having an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant (“FCM”), commodity pool operator (“CPO”), or commodity trading advisor (“CTA”), nor is the supervised person an associated person of an FCM, CPO, or CTA.

Michael Gayed, also owns and operates a firm named Lead-Lag Publishing, LLC. Lead-Lag Publishing, LLC produces a research service named the Lead-Lag Report, a subscription-based newsletter offered through the Seeking Alpha Marketplace and on LeadLagReport.com. The Lead-Lag Report is a research service that seeks to provide subscribers with market signals and analysis that they may find useful in making their own investing decisions. Mr. Gayed’s activities through Lead-Lag Publishing are separate and distinct from the activities of Toroso Investments, however, the firm has engaged with Lead-Lag Publishing to provide limited advertising for the firm. Toroso maintains policies and procedures reasonably designed to mitigate conflicts of interest and reasonably ensure that advertising matters are conducted in the best interest of clients. Furthermore, it is the express policy of Toroso that no person employed by Toroso may use material, non-public information obtained during the course of his or her work in deciding whether to purchase or sell any security prior to any pending transaction(s) being executed for an advisory account. We do not believe Mr. Gayed’s activities present a conflict of interest.

Michael Gayed is also the owner Felix Culpa Publishing, LLC. The company is not directly investment-related and does not involve a substantial amount of Mr. Gayed’s time nor does it represent 10% or more of his income.

Mr. Gayed has formed the Tactical Rotation Management, LLC in June 2020. The LLC is a consulting company organized to receive profit sharing from Toroso.

Beyond what has been disclosed above, as of the date of this Brochure, neither Toroso nor any of its management persons have any other affiliations with broker-dealers, financial planning firms, commodity pool operators, commodity trading advisers, futures commission merchants, banks, thrift institutions, accounting firms, law firms, insurance companies or agencies, pension consultants, real estate brokers or dealers, or entities that create or package limited partnerships that are material to Toroso’s advisory business or clients.

#### Financial Industry Activities

Toroso does not engage in any other financial industry activities other than its activities as an investment manager, wealth advisor, ETF portfolio consultant, and ETF Sponsor.

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

Toroso has adopted a Code of Ethics for all its supervised persons, which describes its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes a prohibition on insider trading, provisions requiring all of Toroso’s supervised persons to comply with applicable

federal securities laws, provisions requiring Toroso's supervised persons to report their personal securities transactions, and provisions requiring Toroso's supervised persons to promptly report any violations of its Code of Ethics. All supervised persons must also acknowledge the terms of the Code of Ethics annually and as it is amended from time to time. A copy of Toroso's Code of Ethics is available for review by clients and prospective clients upon request.

On occasion, Toroso or its supervised persons may invest in the same securities as those recommended to clients. This may create potential conflicts of interest because (1) Toroso or its supervised persons may have an incentive not to recommend the sale of those securities to clients in order to protect the value of their personal investment, and (2) Toroso or its supervised persons may have an incentive to place their orders before those of clients in order to obtain a better price. All Toroso's employees review and acknowledge the Code of Ethics. Toroso's Code of Ethics addresses these potential conflicts of interest by instituting a standard of business conduct for all supervised persons, by prohibiting supervised persons from effecting certain securities transactions without obtaining pre-clearance from Toroso's Chief Compliance Officer and by reviewing personal securities transactions reports filed by supervised persons for potential conflicts of interest.

## **Item 12: Brokerage Practices**

### Selecting Broker Dealers

Toroso places all orders for the purchase or sale of securities with the primary objective of seeking to obtain best execution and selects brokers that Toroso believes are most capable of providing best execution for the particular transaction. Toroso has a high expectation regarding the execution quality it expects to receive and deals only with brokers that can meet that standard. When selecting brokers, Toroso evaluates the broker's expertise in trading ETFs (and other securities as relevant), access to markets, and responsiveness to Toroso, as well as Toroso's overall prior experience with the broker. Additionally, all brokerage institutions with whom Toroso places trades must meet broad qualifications regarding professional expertise and competence, competitive pricing, and financial stability.

With respect to orders for the purchase or sale of securities for wealth management and/or wrap fee platform clients, all orders will be conveyed to the relevant platform sponsor, which will be responsible for selecting broker-dealers to execute the transaction in a manner that seeks to obtain best execution for the client.

### Brokerage for Client Referrals

It is Toroso's policy not to select for or recommend to clients any broker-dealer for custodial or execution services based on Toroso's or its supervised persons' receipt of client referrals from a broker-dealer or other third party.

### Directed Brokerage

Clients are permitted to instruct Toroso to direct their brokerage to a particular broker-dealer but should be aware that Toroso may be unable to achieve most favorable execution in those circumstances. When a client directs Toroso to use a particular broker-dealer, that arrangement may cost the client more money than if the client did not direct Toroso to use a particular broker-dealer.

For example, Toroso may be unable to aggregate the client's order with the orders of other clients potentially resulting in higher transaction costs for that client. In other cases, the broker-dealer selected by the client may not have expertise in executing transactions for certain types of securities, such as ETFs, and consequently, the client may receive execution prices that are inferior to those received by other clients.

#### Aggregation of Orders

Toroso may aggregate purchase or sale orders for a security for the accounts of multiple direct clients into a single transaction, often referred to as a block or bunched trade. If a block trade is executed, each participating client typically receives a price that represents the average of the prices at which all of the transactions in a given block were executed. Executing a blocked trade allows transaction costs to be shared typically on a pro rata basis among all of the participating clients. Blocked trading may also allow Toroso to incur lower transaction costs or achieve better execution for clients. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner.

Block trades are typically placed when the firm reasonably believes that the combination of the transactions provides better prices for clients than placing individual transactions. Toroso is not obligated to include any client account in a blocked trade.

## **Item 13: Review of Accounts**

#### **Periodic Reviews**

Toroso informally reviews each strategy's portfolio's holdings (in the aggregate) daily to ensure that each strategy continues to conform to the respective investment strategy. With respect to individual client accounts, each direct client's account is informally reviewed on a quarterly basis internally and is formally reviewed on an annual basis with the client. All reviews will be performed by Toroso's Chief Investment Officer or the lead portfolio manager.

#### **Regular Reports**

Toroso makes available quarterly performance reports to its direct account clients. Quarterly performance reports may include holdings, gain/loss, market value, asset allocation, performance return, and summary account activity information for all accounts that the client has under management with Toroso.

Additionally, Toroso makes available periodic reports to its pension consulting clients, generally on a quarterly basis. Such reports will generally include current performance summaries of the market and specific asset classes, holdings and performance summaries for the pension plan's positions, due diligence information on the pension plan's holdings, and peer benchmark comparisons.

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

Toroso has entered into an agreement to compensate an agent for referrals made to Toroso. The

agent's compensation is generally attributable to the amount of assets referred to Toroso and the cost of these referral fees is paid by Toroso. As a matter of practice, advisory fees paid to Toroso by clients referred by an agent are not increased as a result of any referral.

## **Item 15: Custody**

All client funds and securities are held at qualified custodians, who are required to send account statements, at least quarterly, directly to each of Toroso's direct and platform clients. All clients are urged to carefully review those statements and any client who also receives quarterly performance reports from Toroso is urged to compare the information contained within their custodial account statements with the information contained in their quarterly performance reports.

## **Item 16: Investment Discretion**

Toroso provides advisory services both on a discretionary basis and non-discretionary basis. When Toroso has discretionary authority, it exercises its authority pursuant to its written investment management services agreements with clients. Toroso determines for discretionary managed accounts, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, the brokers or dealers through which transactions will be executed, and the amount of commissions or mark ups or mark downs paid. Clients have the ability to direct which investment strategies and portfolio options that their assets are invested in, but once allocated, do not have any ability to limit Toroso's discretionary authority with respect to the management of those investment strategies or portfolio options.

## **Item 17: Voting Client Securities**

### *ERISA Plan Policy*

Toroso does not have and will not accept the authority to vote client securities on behalf of its advisory clients, with the exception of advisory clients subject to the Employee Retirement Income Security Act of 1974 ("ERISA") for which Toroso serves as a Section 3(38) Investment Manager and clients subject to the Investment Company Act of 1940. Toroso, however, does not expect to receive proxies related to client securities on a frequent basis as Toroso does not recommend individual equity securities. In these situations, clients may direct Toroso to vote proxies or may retain the ability to vote proxies themselves.

### *Securities Held in Client Accounts*

In addition, for ETF products, to the extent clients retain the ability to vote proxies themselves, clients will not receive information about their proxies from Toroso. Instead, clients should receive proxies from their custodian, transfer agent or other third-party service providers such as their proxy service provider. If clients direct Toroso to vote proxies on their behalf, the following policies and procedures apply. Toroso's proxy voting policy ensures proxies are voted on behalf of each clients' account and in the best economic interests of such client account, without regard to the interests of Toroso, its affiliates or any other client of Toroso.

Toroso utilizes a third-party proxy management system outsourced to Aware Asset Management, Inc ("Aware") or Exponential ETFs, a dba of Csat Investment Advisory LP, ("Exponential"), for



the ETFs serviced. To that end, Toroso will not accept direction as to how to vote individual proxies for which it has voting responsibility from any other person or organization (other than the research and information provided by the outsourced providers noted). Subject to specific provisions in a client's account documentation related to exception voting, Toroso only accepts direction from a client to vote proxies for that client's account pursuant to Toroso's Proxy Voting Guidelines (the "Guidelines") or Aware or Exponential's recommendations, including recommendations under its Proxy Voter Services program. In addition, a client may instruct Toroso in its investment management agreement to vote all proxies strictly in accordance with the ISS Taft-Hartley voting guidelines (the "Taft-Hartley Guidelines").

In those situations where Toroso does accept the authority to vote client securities and receives a proxy, it is Toroso's policy to vote such securities on a case-by-case basis. In general, Toroso will vote in favor of any action that will help Toroso achieve the goals of the respective investment strategy that the security is associated with or any action that will make the security more appropriate for inclusion in the respective investment strategy. Clients may direct Toroso as to how to vote their securities and can obtain a copy of Toroso's proxy voting policies and procedures or information regarding how Toroso voted their proxies by contacting Toroso and submitting a request by phone or email.

#### *Conflicts of Interest*

There is a possibility that Toroso might occasionally become aware of a material conflict of interest, which might reasonably bring into question Toroso's objectivity in voting a client's securities. In such a case, it is Toroso's policy to request that the respective plan sponsor of a client subject to ERISA vote such proxies on the plan's behalf and if such request is denied, not to vote any such proxies, and with respect to registered investment company clients, it is Toroso's policy to abstain from voting the proxy.

## **Item 18: Financial Information**

Under this disclosure item, the SEC requires advisers to disclose certain financial information if, among other things, the adviser requires pre-payment of advisory fees of more than \$1,200 per client, six months or more in advance, or the adviser's financial condition is reasonably likely to impair its ability to meet its contractual commitments to clients. Because Toroso does not require such pre-payments and its financial condition is not impaired, this disclosure item is not applicable.