

Enhancing Capital

Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Enhancing Capital. If you have any questions about the contents of this brochure, please contact us at (717) 561-4491 or by email at: service@enhancingcapital.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 Enhancing Capital is also available on the SEC's website at www.adviserinfo.sec.gov. Enhancing Capital's CRD number is: 290018.

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Registration as an investment adviser does not imply a certain level of skill or training.

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Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of Enhancing Capital on 02/08/2021, are described below. Material changes relate to Enhancing Capital's policies, practices or conflicts of interests.

- Enhancing Capital has updated brokerage practices (Item 12).
- Derrik Brown, Adam Parmer and Enhancing Capital are all a manager of Enhancing Capital Partners, LP, a private fund (Items 10 & 11).
- Enhancing Capital is now offering performance-based fees to Class A Interests of the private fund, Enhancing Capital Partners, LP (Item 4, 5, and 6).
- Enhancing Capital has added the DOL Written Acknowledgement of Fiduciary Status (Item 4).

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Item 4: Advisory Business

A. Description of the Advisory Firm

Enhancing Capital (hereinafter “EC”) is a Limited Liability Company organized in the State of Pennsylvania. The firm was formed in March 2010, and the principal owner is Parmer 2016 Family Continuity Trust.

B. Types of Advisory Services

Portfolio Management Services

EC offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. EC creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client’s specific situation. Portfolio management services include, but are not limited to, the following:

- | | |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy |
| • Asset allocation | • Asset selection |
| • Risk tolerance | • Regular portfolio monitoring |

EC evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. EC will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

EC seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of EC’s economic, investment or other financial interests. To meet its fiduciary obligations, EC attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, EC’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is EC’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

Enhancing Capital has partnered with LinkBank to offer our clients a special rate on cash deposits. This partnership will serve clients who are looking for specialized cash management as well as accounts for whom we are implementing an investment strategy. Assets will be held on deposit at LinkBank and will transfer to the client’s brokerage account as needed. To participate in this program, which is voluntary at the client’s discretion, clients will be required to open an account with LinkBank and authorize

Enhancing Capital to transfer assets between the LinkBank account and the client's account at the custodian. Assets are fully liquid and are not held to a specific term. LinkBank and Enhancing Capital are not related entities. There is no cost in addition to our fee agreement related to these services. Potential risks include limited FDIC coverage for large accounts, better rates through money market funds, and the liquidity and solvency of LinkBank. Enhancing Capital will continue to monitor rates on available money market instruments. If a more advantageous rate is found, we intend to shift client assets to that higher rate instrument.

Services Limited to Specific Types of Investments

EC generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities, ETFs, treasury inflation protected/inflation linked bonds, derivatives/options, and private placements. EC may use other securities as well to help diversify a portfolio when applicable.

Written Acknowledgement of Fiduciary Status

When EC provides investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

C. Client Tailored Services and Client Imposed Restrictions

EC will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by EC on behalf of the client. EC may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. EC does not participate in any wrap fee programs.

E. Assets Under Management

EC has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$274,100,469	\$0	December 2020

Item 5: Fees and Compensation

A. Fee Schedule

Portfolio Management Fees

Total Assets Under Management	Annual Fees
\$250,000 - \$500,000	0.90%
\$500,001 - \$1,000,000	0.80%
\$1,000,001 - \$5,000,000	0.65%
\$5,000,001 - \$10,000,000	0.55%

EC uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based. Fees are based on a percentage of assets in the account(s) on the calculation date based on the transaction date for any trades placed near the end of the billing cycle.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of EC's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

Performance-Based Portfolio Management Fees

Performance fees are only available to Class A Interests of Enhancing Capital Partners, LP. Retail investors of Enhancing Capital, LLC are not charged a performance fee and are subject to the fee schedule disclosed above.

Qualified Clients will pay an annual fee of 0% of assets under management along with a 20% performance fee based on capital appreciation. If the portfolio rises in value, then the client will pay 20% on that increase in value, but if the portfolio drops in value, then the client will not incur a new performance fee until the portfolio reaches the last highest value, adjusted for withdrawals and deposits, which is generally known as a “high water mark”.

In general, a “Qualified Client” is:

(1) a natural person or company who at the time of entering into such agreement has at least \$1,100,000 under the management of the investment adviser;

(2) a natural person or company who the adviser reasonably believes at the time of entering into the contract: (A) has a net worth of jointly with his or her spouse of more than \$2,200,000 excluding the value of the client’s primary residence; or (B) is a qualified purchaser as defined in the Investment Company Act of 1940, §2(a)(51)(A) (15 U.S.C. 80a-2(51)(A)); or

(3) a natural person who at the time of entering into the contract is: (A) An executive officer, director, trustee, general partner, or person serving in similar capacity of the investment adviser; or (B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser), who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar function or duties for or on behalf of another company for at least 12 months.

B. Payment of Fees

Payment of Portfolio Management Fees

Asset-based portfolio management fees are withdrawn directly from the client’s accounts with client’s written authorization on a quarterly basis, or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid either in advance or arrears as chosen by the client on their Fee Schedule.

Payment of Performance-Based Portfolio Management Fees

Performance-based portfolio management fees are withdrawn directly from the client’s accounts with client’s written authorization on an annual basis in arrears.

C. Client Responsibility For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and

distinct from the fees and expenses charged by EC. Please see Item 12 of this brochure regarding broker-dealer/custodian.

D. Prepayment of Fees

EC may be compensated for its services in advance of the quarter in which investment advisory services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The Client may terminate the investment advisory agreement within five business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior approval.

E. Outside Compensation For the Sale of Securities to Clients

Neither EC nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

EC manages accounts that are billed on performance-based fees (a share of capital gains on or capital appreciation of the assets of a client) as well as accounts that are NOT billed on performance-based fees. Managing both kinds of accounts at the same time presents a conflict of interest because EC or its supervised persons have an incentive to favor accounts for which EC and its supervised persons receive a performance-based fee. EC addresses the conflicts by ensuring that clients are not systematically advantaged or disadvantaged due to the presence or absence of performance-based fees. EC seeks best execution and upholds its fiduciary duty for all clients.

Clients that are paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

Item 7: Types of Clients

EC generally provides advisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Corporations or Business Entities

- Insurance Companies

There is an account minimum of \$250,000, which may be waived by EC in its discretion.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

EC's methods of analysis include Charting analysis, Fundamental analysis, Quantitative analysis and Technical analysis.

Charting analysis involves the use of patterns in performance charts. EC uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

Technical analysis involves the analysis of past market data; primarily price and volume.

Enhancing Capital uses a variety of methods and resources to inform our investment strategies. Regarding Investment methods, Enhancing Capital uses fundamental research, quantitative research, technical research, and qualitative research. EC separates fundamental analysis into two broad indicator categories: lead and lag. Lag indicators are commonly discussed numbers announced in a company's earnings and regulatory updates. These numbers are valuable, but we receive them at the end of a period, and they report on a snapshot of time. Lead indicators are essential to study in fundamental research as they are the primary activities a business must execute to fulfill its mission. Quantitative analysis is critical for two reasons. First, it allows us to rank and categorize the companies we look at in the overall market, their sector, and their industry positioning. These factors are essential to consider as we study the potential for market share gains, competition in an industry, and the company's ability to defend any competitive advantages. Secondly, quantitative analysis allows us to generate two insights for the future study of a company. These viewpoints are the inside and outside views. The inside view deals specifically with a company, its historical performance, and a projection based on this. The outside view deals with how the industry performance may tailor our view of the company's future. Technical analysis has frequently been a lightning rod for investment analysis. Enhancing Capital uses technical analysis in a very long term and broad sense. While it does not tell us

what securities we should own, it speaks to the psychology of those who are trading the security. In this light, technical analysis is a useful tool for review through a lens of empathy. Lastly, Enhancing Capital uses a qualitative research method as a critical catch-all category. As new companies become less capital intensive, it is more difficult to understand them through a GAAP accounting lens. This creates a scenario wherein the “fundamentals” do not support a particular investment thesis. In this case, Enhancing Capital researches the qualitative side of the business, including but not limited to the integrity of management, company culture, and narrative analysis. Our resources to perform these analyses include primary documents provided by companies, leading industry research tools, media, academic research, brokerage research materials, and our network of relationships.

Investment Strategies

EC uses long term trading, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

A client portfolio may consist of a combination of the below strategies based on a client’s risk tolerance and time horizon while upholding our unique investment process.

1)Quality Quality companies tend to offer investors a durable path forward in the markets. They tend to exhibit competitive advantages, a thoughtful track record of capital allocation, sustainable returns on capital, trustworthy and shareholder-friendly management, and have benefits to customers that are hard to replace. Additionally, they tend to exist in an industry that allows for compounding benefits to occur. Depending on the size of the account, options may be utilized as an execution tool to include the use of cash secured puts and covered calls. Depending on our current conviction, this strategy may invest in as few as 15 stocks and as many as 30.

2) Income Our Income strategy is akin to many of the same fundamentals as our Quality strategy. However, we gear the portfolio toward income generation as opposed to primarily capital appreciation. In addition to the qualities mentioned above, we look for signals to help us invest in companies that can raise the dividend payout as well as a management who is willing to be thoughtful in its dividend policy to shareholders. Depending on the size of the account, options may be utilized as an execution tool to include the use of cash secured puts and covered calls. Because of the risk tolerance typically associated with this investor, we aim to invest in 30-50 positions for this portfolio.

3) Opportunity Within our Opportunity strategy, we look for companies that exhibit high optionality. We perform analysis on larger tailwinds that may position these companies to capture growth. Such tailwinds can take many forms, including but not limited to the growth of a new market and/or a new market paradigm, an un-thought of revenue opportunity, new legislation, and other forms of change. Options may be utilized in this strategy to include the use of cash secured puts, covered calls, and spreading strategies. Because of the risk involved in this strategy, we tend to look for 20 -50 positions for this portfolio.

4) Fixed Income Fixed Income provides a vital ballast to any portfolio, traditionally helping preserve capital and reduce overall volatility in a client portfolio. Enhancing

Capital views Fixed Income as a crucial element when appropriate for a client's risk tolerance but not as a way to generate significant upside or outperformance. Given our view of Fixed Income, we generally seek to build portfolios that are diversified, of good credit quality and match the clients stated liquidity requirements. While we tend to focus on individual holdings, depending on the size of the portfolio, Enhancing Capital may utilize Mutual Funds or ETFs to build a cost-efficient diversified portfolio.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Quantitative analysis Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Investment Strategies

EC's use of margin transactions and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Margin transactions use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

Options transactions involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

EC's use of margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include

the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF’s shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

Real estate funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

Private placements carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

Options are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type

of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither EC nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither EC nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Derrick Brown, Adam Parmer and EC are all a manager of Enhancing Capital Partners, LP, a private fund. EC will recommend investments in this private fund to those clients for which investment in the fund is suitable. This presents a conflict of interest in that EC or its related persons may receive more compensation from investment in the fund than from other investments. Nevertheless, EC acts in the best interest of the client consistent with its fiduciary duties and clients are not required invest in the private fund if they do not wish to do so.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

EC does not utilize nor select third-party investment advisers.

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

A. Code of Ethics

EC has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. EC's Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

EC does not recommend that clients buy or sell any security in which a related person to EC or EC has a material financial interest. Enhancing Capital allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Enhancing Capital does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund or advise an investment company. Enhancing Capital does not have a material interest in any securities traded in Client accounts.

Derrick Brown, Adam Parmer and EC are all a manager of Enhancing Capital Partners, LP, a private fund. EC will recommend investments in this private fund to those clients for

which investment in the fund is suitable. This presents a conflict of interest in that EC or its related persons may receive more compensation from investment in the fund than from other investments. Nevertheless, EC acts in the best interest of the client consistent with its fiduciary duties and clients are not required invest in the private fund if they do not wish to do so.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of EC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of EC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. EC will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of EC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of EC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, EC will never engage in trading that operates to the client's disadvantage if representatives of EC buy or sell securities at or around the same time as clients.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers will be recommended based on EC's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and EC may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in EC's research efforts. EC will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

EC will require clients to use Schwab Institutional, a division of Charles Schwab & Co., Inc.

1. Research and Other Soft-Dollar Benefits

While EC has no formal soft dollars program in which soft dollars are used to pay for third party services, EC may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions (“soft dollar benefits”). EC may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client’s transactions paid for it, and EC does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. EC benefits by not having to produce or pay for the research, products or services, and EC will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that EC’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

2. Brokerage for Client Referrals

EC receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

EC will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

B. Aggregating (Block) Trading for Multiple Client Accounts

If EC buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, EC would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. EC would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

Item 13: Review of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for EC's advisory services provided on an ongoing basis are reviewed at least Quarterly by Derrik Brown, Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at EC are assigned to this reviewer.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client of EC's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

EC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to EC's clients.

With respect to Schwab, EC receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For EC client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through

commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to EC other products and services that benefit EC but may not benefit its clients' accounts. These benefits may include national, regional or EC specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of EC by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist EC in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of EC's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of EC's accounts. Schwab Advisor Services also makes available to EC other services intended to help EC manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to EC by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to EC. EC is independently owned and operated and not affiliated with Schwab.

B. Compensation to Non - Advisory Personnel for Client Referrals

EC does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

When advisory fees are deducted directly from client accounts at client's custodian, EC will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

EC provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, EC generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, EC's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to EC).

Item 17: Voting Client Securities (Proxy Voting)

EC will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

EC neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither EC nor its management has any financial condition that is likely to reasonably impair EC's ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

EC has not been the subject of a bankruptcy petition in the last ten years.