

Item 1 Cover Page



Eaglebrook Advisors, Inc. ("Eaglebrook")
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November 2021

Part 2A of Form ADV: *Firm Brochure*

This Disclosure Brochure (the "Brochure") provides information about the qualifications and business practices of Eaglebrook Advisors, Inc. ("Eaglebrook"). Eaglebrook encourages you to consider this information, and ask questions about it, before becoming our client.

You can ask questions about the contents of this Brochure by calling Mr. Christopher King at 202-798-1880 or emailing him at contact@eaglebrookadvisors.com.

Additional information about Eaglebrook is also available on the Internet at www.adviserinfo.sec.gov. You can find information on this website by searching for "Eaglebrook Advisors, Inc," or by searching our CRD number, 304438.

The information contained in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Eaglebrook or our employees have attained a certain level of skill or training.

Item 2 Material Changes

SEC Rule 204-3(b)(2) allows us to provide existing clients with a summary page of Material Changes instead of sending out our entire Brochure.

If you are being offered this Material Change page as a separate piece from our Brochure and you have questions about these summary disclosures, or if you would like a current copy of our Brochure to review, please call 202-798-1880 or email contact@eaglebrookadvisors.com. We will send you a current, complete Brochure free of charge.

Since we filed our most recent Brochure in September of 2021, the following material changes have been made to this brochure:

- In Item 4, we explain that Eaglebrook has become an SEC-registered investment adviser;
- We have extensively rewritten the Brochure to explain more clearly the nature of our business (Item 4), the different types of fees that we charge (Item 5), and the types of our clients (Item 7); and
- In Item 4, we have reconsidered the basis upon which we calculate our Assets under Management.

Although our business practices have not changed in a material way, we believe that our new Brochure will afford existing and prospective clients a better understanding of our services. **For this reason, we are providing all our clients a complete copy of our new Brochure.** Please read it, and we welcome any questions you may have about the Brochure, our business, or how we can help you.

Each year we will provide you with a summary of any material changes that we might make to the Brochure within 120 days of our fiscal year end. Since our fiscal year ends on December 31, you will receive the summary of Material Changes no later than April 30 each year.

Starting next year, each year's summary will include only Material Changes that we made since the last amendment of the Brochure. We will always provide you a copy of the most current Brochure upon request.

Eaglebrook may also provide you information about Material Changes directly, as necessary.

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Item 4 Advisory Business

Thank you for choosing to work with Eaglebrook Advisors, Inc. (“Eaglebrook”). We hope this Brochure helps you better understand the services that we provide.

Who We Are

Eaglebrook was founded in April 2019. Eaglebrook is a Delaware corporation whose main office is in Miami, Florida. Christopher King founded the company, and he is the CEO of Eaglebrook, as well as the Chief Compliance Officer.

Chris began his career at CTS Capital Advisors, LLC, a provider of transaction advisory and valuation services, before joining Morgan Creek Capital, where he sourced private equity opportunities in the fintech and digital asset sectors. Chris is a graduate of the Pennsylvania State University. He previously held the FINRA Series 79 Investment Banking designation, and today he holds the Series 65 license as an Investment Adviser Representative of Eaglebrook.

Derek Tracz is Eaglebrook’s Director of Business Development. He began his career at Jackson National Life, an insurance carrier and a registered investment adviser, before joining Ivy Investments as a Regional Vice President, where he was a wholesaler to institutional investment manager clients. He previously held the FINRA Series 6, 7 and 63 designations, and today he holds the Series 65 license as an Investment Adviser Representative of Eaglebrook.

You can read Chris and Derek’s complete biographies in Part 2B of this Brochure.

Throughout the Brochure, you will see the words “we,” “us,” “our,” “the Firm,” “our Firm” or “Eaglebrook”. Where you see these words, the Brochure is describing products and services provided by Eaglebrook Advisors, Inc., or by employees of Eaglebrook.

Where you see the words “you” and “your,” the Brochure is describing our clients and prospective clients.

Eaglebrook registered as an investment adviser in New Jersey in July of 2019, in California in July of 2020, and in Maryland and Hawaii in July and September of 2021. In October 2021, we surpassed the regulatory threshold of \$100M of Assets under Management and Eaglebrook registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”). You can find details about Eaglebrook’s current registration status at the SEC’s website. The website address at which you can search for our SEC filing information is <https://adviserinfo.sec.gov/search/genericsearch/firmgrid>.

We publish additional information about our business on our website at <https://www.eaglebrookadvisors.com/>.

Eaglebrook’s office address is 1111 Brickell Avenue 10th FL, Miami, FL 33131. Our phone number is 202-798-1880.

What We Do

Eaglebrook provides a seamless and secure way for financial advisors and investors to invest in Bitcoin and digital assets, and we provide advice to our clients about how and when digital assets, such as Bitcoin and Ether, can replace a portion of traditional asset allocations in the investment models they suggest to their advisory clients.

Our Services

Eaglebrook provides three different services to its clients. It provides Digital Asset Research Services, Discretionary Digital Asset Services, and Digital Asset Platform Services (“DAP Services”).

Digital Asset Research Services

Eaglebrook’s Digital Asset Research Services are investment advice and research services about how and when digital assets, such as Bitcoin and Ether, can replace a portion of traditional asset allocations in investment models. Eaglebrook provides advice and research to investors and investment advisers about the ways in which they can achieve exposure to digital assets for themselves or their clients, and information about the benefits of diversification, risk-adjusted performance, and digital assets’ effect on portfolio returns and risk. ¹ Additionally, Eaglebrook offers various advice about professional active management strategies of digital assets including tactical, momentum and tax optimization.

Eaglebrook also provides research about the digital assets market. Eaglebrook will recommend that investors consider implementing an initial digital asset allocation depending on the status of the market. Eaglebrook provides research reports and updates to clients on request about market conditions and expected changes. In this service our clients are responsible for initiating positions in digital assets based on the advice they receive.

DAP Services

Eaglebrook built a digital asset platform (“DAP”) that allows users to create separately managed accounts (“SMA”) to hold digital assets in their own names at Gemini Trust Company, LLC (“Gemini”), a digital asset custodian licensed by the State of New York. Eaglebrook’s DAP eliminates the complexity of investing in bitcoin and digital assets by taking care of onboarding, SMA setup, trade execution, position reporting, rebalancing, technology integration, and tax documents.

The DAP integrates with various popular portfolio management and reporting systems, allowing clients to integrate digital asset exposures in each SMA into their workflows. Users of the DAP can access performance reporting, tax documents, research, and withdraw and add funds through Eaglebrook’s Client Portal and Financial Advisor Portal.

The Eaglebrook DAP can accommodate SMAs for various types of legal structure including individual, joint, trust, LLC, LP, non-profit and qualified accounts. Eaglebrook also has partnered with Alto Solutions, Inc (“AltoIRA”) to offer SMAs for Individual Retirement Accounts (“IRAs”).

Discretionary Digital Asset Services

Eaglebrook manages a group of discretionary SMAs accounts on behalf of high-net worth investors in which it buys and sells digital assets based on market research and Eaglebrook’s investment thesis.

¹ Digital assets have historically been uncorrelated with major assets, sectors, currencies, and commodities, and Eaglebrook believes that, together with satisfying demand for exposure, allocations to digital assets provide diversification benefits particularly when replacing equity exposure. Typically, Eaglebrook recommends that investors consider a reduction in the percentage of assets allocated to equity securities, and a commensurate re-allocation of this capital to investments in digital assets, such as bitcoin and ether.

Our Clients

Eaglebrook's clients are investment professionals and high-net worth individuals. As of November 1, 2021, Eaglebrook has engaged approximately 30 clients.

When Eaglebrook provides services to registered investment advisors, we provide advice generally about how and when an investor should invest in digital assets, what assets to invest in, and how to integrate digital assets into traditional investment portfolios. Our advice is not specific to a particular client of the investment advisor, and the investment advisers still owe fiduciary duties to their advisory clients related to the purchase of these digital assets. The investment adviser determines what clients should invest in digital assets. The investment adviser determines the amount of assets that should be allocated to digital assets based on the needs and risk tolerance of its clients, and the investment adviser decides on the digital asset allocation. The investment adviser's clients are not Eaglebrook's clients; the investment adviser is Eaglebrook's client. Therefore, Eaglebrook serves the investment adviser and owes a fiduciary duty to the investment adviser, not the investment adviser's clients.

When a high-net worth individual determines that it is in his/her best interests to invest in digital assets and the investor desires a non-discretionary SMA, Eaglebrook will assist the client with setting up the SMA. Eaglebrook may also advise the investor on the digital asset allocation, but the investor ultimately determines the digital assets to purchase. Eaglebrook implements the digital asset investment strategy that the individual designated.

The investment adviser's clients who use the DAP, and the high-net worth individuals that maintain a non-discretionary SMAs on the DAP, are referred to as "DAP Users".

Assets under Management ("AUM")

The regulatory classification of cryptocurrencies and digital assets is uncertain and constantly evolving.

Although Eaglebrook has taken the position, based on statements made by the Chairmen and various Commissioners of the SEC, and emerging industry consensus, that neither bitcoin nor ether are securities, we are in the business of providing advice about securities when we recommend to our clients that they adjust their asset allocations by reducing exposure to equities and instead investing in digital assets.

Accordingly, we have calculated our AUM by totaling the value of all the digital assets Eaglebrook's DAP Users hold in their SMAs. As of November 2nd, 2021, Eaglebrook has AUM of approximately \$135,000,000.

Item 5 Fees and Compensation

In addition to the information provided in Item 4- Advisory Business, this Item provides additional details regarding our services. It also provides information about each service's fees and compensation arrangements.

Eaglebrook earns fees based on the value of the digital assets held in the SMA of each DAP User. Our fees are based on a percentage of the AUM of each DAP User's SMA. We collect fees monthly in arrears. The following hypothetical example serves to illustrate the arrangements.

Mrs. Smith is an advisory client of ABC Advisors, and she has an SMA on the Eaglebrook DAP containing digital assets held in custody at Gemini.

On the last business day of each month, using digital asset prices prevailing at 4pm EST, Gemini calculates the value of Mrs. Smith's SMA. According to the various client agreements, Gemini deducts the following fees from Mrs. Smith's SMA in arrears and distributes them as follows:

- Eaglebrook receives our monthly fee, which is variable but generally not more than 2.00% annually on Ms. Smith's assets held in the DAP, for providing research and advice about digital asset allocation to ABC Advisors and for administering the Mrs. Smith's SMA.
- In addition, and separately, Mrs. Smith pays a custody fee of not more than 0.40% to Gemini, for the provision of custody service to her SMA.
- Finally, Mrs. Smith pays transaction fees, which are variable depending on trading activity but generally not more than 0.10% annually, to Gemini for the provision of liquidity in digital assets and trade execution services.

Our fees are variable, and they can depend on the complexity of the client or DAP User arrangement (more complex arrangements tend to have higher fees), or the size or potential future size of the relationship (larger allocations tend to have lower fees).

AltoIRA charges additional account setup fees for DAP Users who choose to fund their Eaglebrook SMAs with IRA accounts held on the AltoIRA platform. Details about these fees can be found at AltoIRA.com.

Gemini charges additional account termination fees of \$125 if a DAP User chooses to close their SMA. You can read more about Gemini in Item 12 – Brokerage Practices and Item 15 – Custody.

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

Eaglebrook does not charge performance-based fees.

Item 7 Types of Clients

Our clients are: 1) financial professionals seeking a simple, secure and compliant way to provide exposure to digital assets within the portfolios that they construct and manage for their advisory clients or 2) high-net worth individuals who desire to invest in digital assets in a simple and secure way.

Most of our clients are registered investment advisers. We also market our services to family offices, and other types of institutional investors.

We do not impose any account or asset size minimums for accessing the Eaglebrook SMAs.

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

Eaglebrook uses a wide variety of resources when we analyze and provide research to our clients about the percentage of their overall risk allocation they might devote to digital assets within their portfolios or the portfolios of their advisory clients.

We use Bloomberg, Glassnode and our own calculations to present the historical performance, drawdowns, and technical measurements such as annualized volatility and Sharpe ratios, of digital assets. We retrieve historical performance data from Bloomberg for a wide variety of traditional investment benchmarks, such as the S&P 500, MSCI All Countries World Index, the Barclays Aggregate Index and many others, to demonstrate that in our opinion, digital assets have outperformed traditional assets, and that allocations to digital assets provide important diversification benefits due to low historical correlations.

We perform statistical and regression analyses on these observations of historical performance to create “what-if” scenarios for our clients to show how allocations to digital assets, in place of an allocation of a like amount of capital to equity securities, might perform in various market conditions.

Typically, we recommend that our clients consider a reduction in the percentage of assets allocated to equity securities, and a commensurate re-allocation of this capital to investments in digital assets, such as Bitcoin and Ether.

Eaglebrook offers passive and rules-based strategies when managing the digital asset SMAs. Eaglebrook also implements tax-loss harvesting strategies into the digital asset SMAs. Eaglebrook builds custom portfolios and strategies within each SMA which provide economic exposure to Bitcoin (“BTC”) and Ether (“ETH”).

For example, after consultation with their advisory client, our client may select a 50% BTC, 50% ETH strategy within the SMA of a particular DAP User that is rebalanced quarterly. The allocation between BTC and ETH, the rebalancing cadence, and the tax-loss harvesting threshold (i.e. a 15% a loss trigger) are all customizable by the client and the DAP User. Once this strategy has been decided by the client and DAP User, Eaglebrook uses its trade execution systems to implement the trading of digital assets within these parameters.

BTC is a type of digital asset where balances are only kept on a distributed ledger designed for public transparency. All BTC transactions are verified by computing power. BTC is not issued or backed by any banks or governments, nor is an individual bitcoin valuable as a commodity. Despite it not being legal tender in most parts of the world, BTC is very popular and has triggered the launch of thousands of other cryptocurrencies.

Ethereum is a blockchain platform with its own digital asset, called ether (ETH). As a blockchain network, Ethereum is a distributed ledger for verifying and recording transactions. The network’s users can create, publish, monetize, and use applications on the platform, and they use its ETH digital asset as payment for those network services.

Although it is widely believed, based on statements made by SEC Chairmen and commissioner and an emerging body of legal precedent that neither BTC nor ETH are securities under Federal law, ***investing in digital assets involves risk of loss, and you must be prepared to bear investment loss, including the loss of all your original principal.***

Risk of Loss

Digital assets are a digital representation of value that function as a medium of exchange, a unit of account, or a store of value, but they do not have legal tender status. Digital assets are not backed nor supported by any government or central bank. The prices of digital assets are completely derived by market forces of supply and demand, and digital assets are more volatile than traditional currencies and financial assets.

Federal law provides investors with significant protections when they invest in securities. Many of these protections are not yet available to those who choose to purchase digital assets. We encourage you to ask us about these issues before you make an allocation into digital assets or recommend to your advisory clients that they establish an SMA on Eaglebrook's DAP.

- **Volatility Risk:** Digital assets are a speculative and volatile investment. Investors should be prepared for volatile market swings and prolonged bear markets. Digital assets can have higher volatility than other traditional investors such as stocks and bonds, and market movements can be difficult to predict.
- **Economic Risk:** The economic risk associated with digital assets are manifest in the lack of widespread or continuing real-world adoption. The market, and investors, might decide that digital assets should not be valued at their current market capitalizations.
- **Regulatory Risk:** Digital assets could be banned or highly regulated by governments, which could deter investors from buying or holding digital assets.
- **Technical Risk:** Digital assets are a dynamic network with a codebase that is updated to add new security and functionality features. The updated code that is merged by the core developers could potentially have an error that threatens the security or functionality of the digital asset network.
- **Cybersecurity Risk:** Digital asset exchanges and wallets have been hacked and digital assets have been stolen. This is a significant risk with which clients must be comfortable before recommending an exposure to digital assets to their advisory clients. Eaglebrook believes that theft is less likely when holding digital assets at a qualified custodian in offline systems (cold storage) with institutional security and controls, such as Gemini.
- **Limited Operating History:** Eaglebrook has a limited operating history upon which prospective clients can evaluate our performance. There can be no assurance that our assessment of the prospects of investments in digital assets will prove accurate or that a client or a DAP User will achieve its investment objective.
- **Dependence on Service Providers:** Eaglebrook relies on service providers for aspects of our business, including certain financial operations, trade related activity, IT infrastructure and systems and custody. Eaglebrook does not control these service providers and has limited transparency into such businesses' day-to-day operations. Any interruption or deterioration in the performance of such service providers could impair the quality of Eaglebrook's operations, negatively affect our reputation and the investment strategies of Eaglebrook, cause financial losses within the SMAs of our DAP Users and otherwise harm our clients.

Item 9 Disciplinary Information

Neither Eaglebrook, nor any of our managers or employees, has been the subject of any criminal or civil litigation, or any administrative proceeding by a self-regulatory organization.

Item 10 Other Financial Industry Activities and Affiliations

Christopher King is an investor in, and an advisory Board member of, Jupiter NFT Corp (“Jupiter”). Jupiter serves artists, athletes, celebrities, institutions and brands by providing a platform on which they can create, distribute and monetize non-fungible tokens.

Jupiter is a fee-paying DAP user of Eaglebrook’s platform, and it receives no fee discount for these services. Christopher King does not receive a salary from his association with Jupiter, and his activities at Jupiter account for less than 5% of his professional time.

Neither Eaglebrook nor Christopher King has any other financial industry affiliation.

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

The law considers an investment adviser like Eaglebrook to be a fiduciary under the Investment Advisers Act of 1940.

The SEC provides an information sheet that describes some of our obligations to our clients, and you can read it here: <https://www.sec.gov/divisions/investment/advoverview.htm>

As a fiduciary, we have an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest.

To keep this ethical responsibility, we have adopted a Code of Ethics that establishes fundamental principles of conduct and professionalism. A copy of our Code of Ethics is available to our clients and prospective clients. You may request a copy by sending an email to cking@eaglebrookadvisors.com or by calling us at 202-798-1880.

It is our responsibility to provide fair and full disclosure of all material facts. In addition, we have a duty of utmost good faith to act solely in the best interest of each client and DAP User. We will always act in each client's best interest and will not at any time place our interests ahead of the interest of any client or DAP User.

In the policy description that follows, the term "associated persons" means the employees of Eaglebrook, our future employees, and their families.

Our associated persons invest in the same digital assets that we recommend to our clients to replace allocations to equity securities in their asset allocation models, and that we buy and sell in the SMAs of our DAP Users. This practice constitutes a conflict of interest. We have addressed this conflict of interest through the adoption of a personal trading policy. All our associated persons are bound by the policy, which includes a review of all personal trading by our Chief Compliance Officer.

Our fiduciary duty to you is the core underlying principle for our Code of Ethics and personal trading policy. To mitigate conflicts of interest, we have developed written supervisory procedures. They describe, among other things, personal investment and trading policies for associated persons.

1. Associated persons cannot prefer their own interests to that of our clients or our DAP Users;
2. Associated persons cannot purchase or sell any digital asset for their personal accounts immediately prior to implementing transactions for SMA accounts where Eaglebrook has discretionary authority to buy or sell digital assets on behalf of a DAP User;
3. Associated persons cannot buy or sell securities or digital assets for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry;
4. Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider;"
5. Associated persons are discouraged from conducting frequent personal trading;
6. Associated persons must not serve as board members of publicly traded companies; and
7. Eaglebrook has the responsibility to make sure that the interests of our clients and DAP Users are placed ahead of our, or any associated person's, own investment interest.

The anti-fraud provisions of the Investment Advisers Act of 1940 and federal and state rules and regulations make it unlawful for any investment adviser to directly or indirectly "employ any device, scheme or artifice to defraud a client or a prospective client" or to "engage in any transaction, practice, or course of business which operates as a

fraud or deceit upon any client or prospective client.”

We strive to conduct business with the highest level of ethical standards and endeavor always to comply with all applicable federal and state securities laws. It is our goal to conduct our business in an honest, ethical, and fair manner. We try to avoid circumstances that might negatively affect our duty of complete loyalty to our clients or our DAP Users.

While we do not believe that we have any access to material, non-public information, we prohibit the use of such information either in a personal or professional capacity.

Item 12 Brokerage Practices

As described in Item 4 - Advisory Business, when you become a client of Eaglebrook and engage us to provide SMA accounts to your advisory clients or yourself, we will set up an SMA at a qualified custodian for each DAP User. We require that DAP Users appoint Gemini as their qualified custodian. Further, we require that DAP Users authorize us to place trades to implement our digital asset trades on their behalf through Gemini.

Gemini earns revenue for the custody services they provide to the DAP Users by charging a custody fee. Eaglebrook clients pay not more than 0.40% of the value of the digital assets held in each SMA directly with Gemini.

Gemini also earns revenue for the provision of liquidity in digital assets and trade execution by charging a trading fee. The trading fee is variable depending on trading activity but generally not more than 0.10% of the value of the digital assets held in each SMA annually.

Federal and state laws provide significant protections to investors who buy securities, by requiring the registration of the exchanges and trading venues on which these assets are bought and sold, and the broker/dealers that effect transactions in them on behalf of investors. Because the digital assets which Eaglebrook buys and sells in each SMA on behalf of our DAP Users are widely believed not to be securities, many of these protections are unavailable to investors in digital assets. For this reason, Eaglebrook has chosen to partner with Gemini because we believe that their custody and digital asset trade execution solutions represent the best-in-class.

We selected Gemini after evaluation of similar services provided by other firms. Most exchanges for digital assets are offshore, unlicensed, and minimally regulated, if they are regulated at all. We believe that Gemini provides you and our DAP Users with a blend of integrity, security, execution services, reasonable trading fees, reputation and professionalism that help us to meet our fiduciary obligations to our you and to our DAP Users.

Gemini is a New York trust company regulated by the New York State Department of Financial Services (NYSDFS). Gemini is subject to capital reserve requirements, cybersecurity requirements, and banking compliance standards set forth by the NYSDFS and the New York Banking Law. Further, Gemini states that it has secured \$200 Million in cold storage insurance coverage - the largest limit of insurance coverage purchased by any crypto custodian in the world.

We have an arrangement with our Gemini through which they provide Eaglebrook, at no cost to us, services such as software that:

- Provides access to SMA data (such as trade confirmations and account statements);
- Facilitates trade execution;
- Generates performance reporting;
- Provides pricing and other market data;
- Facilitates payment of fees from the SMA accounts; and
- Helps with back-office functions, recordkeeping and client reporting.

Eaglebrook utilizes a trade execution strategy to execute digital asset transactions in the SMAs of DAP Users. The objective of this strategy is to minimize trading fees. The trades are executed directly in each SMA using the continuous order book and OTC markets provided by Gemini in digital assets. Eaglebrook does not bunch the digital assets to be purchased or sold for multiple SMAs, referred to as block-trading, and this practice may result in more or less favorable prices between DAP Users, particularly in periods of illiquidity or during volatile market conditions.

When we consider the concept of best execution the determinative factor is not the lowest possible cost, but rather whether the transaction represents the best qualitative execution. In the context of digital assets, we believe that the reputation of the firm, its licenses, registration, wherewithal and investments in cold-storage custody are paramount. Our assessment also takes into consideration the full range of a firm's services, including the value of research it provides, its execution capability, and responsiveness. That's why, while we will seek competitive trading fees or bid/offer spread rates that benefit our clients or DAP Users, we may not necessarily obtain the lowest possible trading fees or the best possible executed price, for any specific digital asset transactions.

We do not have any other soft-dollar arrangements, and Eaglebrook does not receive research from broker-dealers or custodians for directing brokerage or client transactions.

Item 13 Review of Accounts

Each SMA is reviewed by Christopher King at least monthly.

DAP Users receive monthly reports from Eaglebrook detailing the digital assets held in each SMA, the value of those digital assets, and a calculation of the various fees.

DAP Users and our clients also have access to the Eaglebrook Client Portal or the Financial Advisor Portal.

DAP Users will also receive regular reporting about their SMAs from Gemini which includes statements of the various fees. Our clients and DAP Users should review the reports sent by the custodian carefully and compare them with the reports they have received from Eaglebrook.

Item 14 Client Referrals and Other Compensation

Eaglebrook does not accept any economic benefit from any entity for providing investment advice to our clients other than our portion of the management fee derived from each DAP User's SMA that we share with our clients, as described in Item 5 -Fees and Commissions.

Eaglebrook has an agreement in place with AE Wealth Management where Eaglebrook pays AE Wealth Management and affiliated registered investment advisers ("RIAs") a portion of the monthly fee for DAP Users referred by AE Wealth and affiliated RIA's.

Eaglebrook has an agreement in place with Dynasty Financial Partners where Eaglebrook pays Dynasty a portion of the monthly management fees for DAP users affiliated with Dynasty Partner RIA firms.

Item 15 Custody

We do not, and will not, take possession of, or maintain custody of, any client funds or securities. As noted elsewhere in this Brochure, our advisory services involve recommending how our clients, who are investment advisers, can facilitate investments into digital assets for their advisory clients, generally by reducing exposure to equity securities in traditional asset allocation models.

As described in Item 4- Advisory Business and Item 16 – Investment Discretion, the agreements that we sign with our clients and DAP Users authorize Eaglebrook to trade digital assets within SMAs and to direct Gemini to remit USD proceeds from withdrawals or SMA closures only back to the DAP User’s bank account.

Eaglebrook has no authority to deduct fees from the DAP User’s SMA. As described in Item 5 – Fees and Commissions, Gemini disburses monthly fees to our clients and to us, and it does so based on the fee schedules in place when each SMA is established.

The SMAs that we establish for our DAP Users are custodied at Gemini. Gemini is a fiduciary and qualified custodian under New York Banking Law and is licensed by the State of New York to custody digital assets. Gemini is regularly audited and subject to the capital reserve requirements and compliance standards of a traditional financial institution. Gemini’s offline storage systems use multi-signature technology, role-based governance protocols, and multiple layers of biometric access controls and physical security to safeguard customer assets. Mandatory whitelisting enhances account-level security.

The custody infrastructure at Gemini’s geographically distributed, 24/7 access-controlled secured facilities is designed so that it cannot be accessed by anyone without the proper credentials. The hardware security modules (“HSMs”) storing private keys are never connected to the internet and are kept air-gapped inside safes in locked cages. Gemini’s HSMs have achieved the highest levels of the U.S. government’s security ratings.

Gemini has completed both SOC 1 Type 2 and SOC 2 Type 2 examinations for both Gemini Exchange and Gemini Custody that were conducted by Deloitte & Touche LLP. Gemini is the only digital asset exchange and custodian to demonstrate this standard of financial operations and security. The SOC 1 evaluates the design and implementation of Gemini’s financial operations and reporting controls, while the SOC 2 evaluates the design and implementation of the custodian’s security, availability, and confidentiality controls.

Item 16 Investment Discretion

As we described in Item 4- Advisory Business, Eaglebrook does not have discretionary authority to buy and sell securities on behalf of our clients, who are investment advisers.

The investment management agreements between Eaglebrook and our clients provides discretionary authority to buy and sell digital assets on behalf of SMA owners who are DAP Users. This authority requires us to implement the digital asset allocation strategy selected by each SMA owner and/or their investment adviser buy buying and selling digital assets.

Further, when our DAP Users appoint Gemini as the custodian of their SMA, they grant Eaglebrook “Authorized User” status which permits Gemini to accept trading instructions from us on their behalf.

This discretionary authority means that we can place trades in the SMA accounts of our DAP Users without contacting them, or our clients, before each trade to obtain their permission.

Our discretionary authority includes the ability for us to do the following without letting you or the DAP User know beforehand:

1. Determine which digital asset to buy or sell in the SMA;
2. Determine the amount of each digital asset to buy or sell in the SMA; and
3. Place instructions with respect to the price at which we buy or sell a digital asset in the SMA.

Item 17 Voting Client Securities

Governance of the networks on which BTC and ETH reside is achieved by seeking consensus from the operators of nodes on these networks about topics such as forking (splitting the blockchain into two or more new branches), upgrades, security patches, scaling or changes to the mining protocols.

The owners of digital assets such as BTC and ETH play no part in the governance of these digital assets and the networks do not solicit proxy votes. Consequently, Eaglebrook does not vote client proxies.

Item 18 Financial Information

We are not required to include financial information in our Brochure because we will not take physical custody of client funds or securities, or bill client accounts, six months or more in advance for more than \$1,200.

We have never been the subject of a bankruptcy petition.

During 2020, Eaglebrook, like many other small businesses around the country, received a Paycheck Protection Loan from the United States Treasury in the amount of \$2,604. We used these funds to maintain payroll and to ensure that we continue to be able to meet our fiduciary duty to clients during the disruption caused by the COVID-19 pandemic.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.