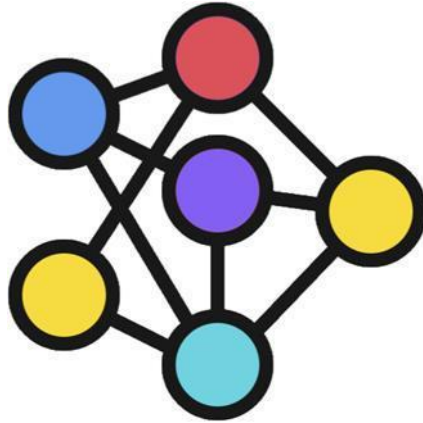


Item 1. Form ADV Part 2A Appendix 1

Wrap Fee Brochure



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Date: November 9, 2021

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Quantbase, LLC (hereinafter, “we,” “our,” the “Firm” or “Quantbase”). If you have any questions about the contents of this brochure, please contact us at 540-656-3127. 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. Quantbase is a registered investment adviser. Registration as an investment adviser does not imply any special degree of skill or training, or any sort of approval by any regulatory authority of an adviser’s investment methods.

Additional information about Quantbase can be found on the Investment Adviser Public Disclosure website at adviserinfo.sec.gov by using our identification number referred to as a CRD number. Quantbase’s CRD No. is 315414. If you have any questions about the contact of this brochure, please contact us at the telephone number or email address shown above.

Item 2. Material Changes

This version of our Brochure dated October 29, 2021 is our initial brochure filing.

For future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this Brochure on the SEC’s public disclosure website (IAPD) at adviserinfo.sec.gov.

We may, at any time, update this Disclosure Brochure and send a copy to you with a summary of material changes, or send you only a summary of material changes that includes an offer to send you a copy of the full brochure either by electronic means (email) or in hard copy form.

If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above, download it from the Quantbase website at www.getquantbase.com or contact our Chief Compliance Officer, Som Mohapatra at 804-709-6974 or via email at som@getquantbase.com.

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Item 4. Services, Fees and Compensation

Quantbase, LLC (referred to herein as “Quantbase,” “Firm,” “we,” and “our”) is an independent investment advisory firm registered as an internet-only investment adviser with the U.S. Securities and Exchange Commission (“SEC”). An internet-only investment adviser provides investment advice to almost all of its clients exclusively through an interactive website. The company was formed in 2021 as a Limited Liability Company in Virginia and is currently owned by Quantbase, Inc. which is owned by Thomas Stewart and Som Mohapatra. For more information about Thomas Stewart and Som Mohapatra, please see their brochure supplement (Form ADV Part 2B).

A. Portfolio Management Services

Portfolio management services are provided on a discretionary basis. This means the client grants the Firm ongoing and continuous discretionary authority to make, and to enter orders with a broker/dealer for the execution of, its investment recommendations in accordance with the client’s investment profile without the client’s prior approval of each specific transaction. All transactions in the clients’ account shall be made in accordance with the directions and preferences provided to the Firm by the client. The client will execute instructions regarding the Firm’s trading authority as required by each account custodian. Clients engaging us will be asked to grant such authority upon signing our Investment Advisory Agreement.

If a client engages us to perform portfolio management services, Quantbase will ask a series of questions designed to determine suitability of different investment options for a particular client. Quantbase determines a suitable proposed investment plan by performing a review of each client’s individual account and suitability parameters. This review may include type of account, investment objectives, overall financial condition, income and tax status, personal and business assets, risk tolerance, and other factors unique to the individual client’s situation. Based on client suitability parameters, Quantbase will design, revise, and reallocate a client’s custom portfolio.

After a suitability analysis is conducted, Quantbase utilizes the information from the questionnaire to create portfolio recommendations customized to Clients’ risk tolerance, financial parameters and investment objectives. For each Client’s portfolio recommendations, Quantbase considers the Client’s employment status, income, investment goals and reasons to invest, time horizon and net assets. Quantbase evaluates each Client’s responses and proposes a portfolio plan from among less aggressive, moderately aggressive and more aggressive growth portfolios. For instance, the more aggressive the portfolio, the more volatile, which has more potential upside but also more potential risk during downturns. The portfolio recommendations created by Quantbase for each Client are based solely upon the information provided by the Client through the Firm’s website. As such, the suitability of the investment plan recommendations is limited by and relies on the accuracy and completeness of the information provided by the Client. Quantbase does not capture any additional information not covered in the questionnaire in making its risk assessment and providing its investment advice. The only type of restrictions a Client may impose is the degree of risk level (less aggressive, aggressive and more aggressive growth) based on the information provided in the questionnaire, which

portfolios to invest in, and the amount of assets invested in each portfolio. Once invested in the portfolio, clients cannot change the portfolio as these strategies are automated. If the client would like to change any elements of their portfolio, clients must contact Quantbase directly.

Once an investment strategy is recommended and a portfolio is recommended, a Client will not be able to select specific securities or restrict the purchase of specific securities, but each Client will be able to change his/her risk profile or select (switch to) a portfolio with a different risk profile with the help of Quantbase. The type of restrictions a Client may impose is the degree of risk level (less aggressive, aggressive and more aggressive growth) based on the information provided in the questionnaire, which portfolios to invest in, and the amount of assets invested in each portfolio. Clients are obligated to update their information through the Firm's website promptly if there are changes to their financial situation, goals, objectives, personal circumstances, time horizon or if other relevant information changes or becomes available.

A Client must also open a securities brokerage account and provide discretionary authority over that account to Quantbase. Brokerage accounts, agreements, and order processing will be conducted through Alpaca Securities LLC ("Alpaca"), an SEC registered broker-dealer that provides brokerage related services to Quantbase. Using Alpaca's application program interface ("API"), the Firm's website allows Clients to create an investment account instantly on any web browser. Alpaca will also provide (or facilitate through third parties) execution, clearance, settlement, and custody services for Quantbase. Specifically, Alpaca will work with Velox Clearing for trade clearing and settlement on Depository Trust & Clearing Corporation (DTCC). Cash transfers and custody are primarily provided by First Republic Bank. Citadel Securities, Virtu America, Clearstreet, Wolverine Trading and other execution providers provide execution services for Alpaca's customer orders. Alpaca integrates with ICE Data Services for various kinds of market data. The investments in each Client's account are held in a separate account in the name of the Client at Alpaca, and not with Quantbase.

Quantbase will recommend its investment program ("Wrap Fee Program") in which certain transactional costs are included in the client's management fee ("Wrap Fee"). Fees included in the Wrap Fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees (including expense ratios) charged to shareholders of mutual funds or ETFs, short-term redemption fees, mark-ups and mark-downs, spreads, odd-lot differentials, paper statement fees, fees charged by regulatory agencies, exchange fees, American Depositary Receipt fees, transfer taxes, fees required by law and any transaction fees for securities trades executed by a broker-dealer other than Alpaca.

A client's portfolio may be comprised of stocks, ETFs, Cryptocurrencies and leveraged ETFs.

We will also monitor the client's accounts to ensure that they are meeting the client's investment objectives and other requirements. If any changes are needed to the client's investments, we will make the changes or recommend the changes to the client. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash or some liquid alternative. The client will receive written or electronic confirmations from the client's account custodian after any changes are made to the client's account. The client will also receive

statements at least quarterly from the client's account custodian. Our Investment Advisory Agreement outlines the responsibilities of both the client and Quantbase.

Because of the nature of a Wrap Fee Program, the Wrap Fee Program client may pay more or less than if the client had compensated Quantbase outside of the Wrap Fee Program. For example, if a client's account is rarely traded, the transaction fees the client would have paid would be minimal, thus limiting the benefits of "wrapping" management fees and transaction fees.

Quantbase receives the Wrap Fee for our services. We pay transaction fees to various broker-dealers. The remainder of the Wrap Fee is the net management fee payable to Quantbase. The amount payable to Quantbase varies depending upon the amount of trading in a client's account. The more transactions in the account, the greater the amount of transaction fees, and therefore the less compensation to Quantbase. Accordingly, Quantbase has a financial incentive to avoid trading the account. This creates a conflict of interest between the Firm and its Wrap Program clients. Quantbase attempts to mitigate this conflict by requiring that the Firm's employees acknowledge their fiduciary duty to place client interests ahead of their own.

Quantbase will receive no additional compensation for offering the Wrap Program.

B. Fees and Compensation

Quantbase charges a Wrap Fee to investment management clients based on a percentage of assets under management. The specific Wrap Fee charged by the Firm for its advisory services will be outlined in each client's Investment Advisory Agreement.

The typical Wrap Fee charged by Quantbase is 0.94% annually. The Wrap Fee is calculated based on the value in the account on the first day of the month. Wrap Fees are calculated and paid monthly in advance.

Payment of Wrap Fees will be deducted from the client's account(s) by the qualified custodian. We will only receive payment from the custodian if the client supplies written authorization permitting the fees to be paid directly from the account. Quantbase will not have access to client funds for payment of fees without written consent by the client.

The qualified custodian agrees to deliver an account statement, at least quarterly, directly to the client, showing all disbursements from the account. The client is encouraged to review all account statements for accuracy. Quantbase will receive access to a duplicate copy of the statement that was delivered to the client.

For the initial period of portfolio management services, the first period's fees will be calculated on a pro-rata basis at the beginning of the following month. The client may terminate the agreement within five days of entering into the agreement and obtain a full refund. After the

five- day period, either party may terminate the agreement upon a written notice to the other party. Any pre-paid, unearned fees will be promptly refunded to the client.

Item 5. Account Requirements and Types of Clients

Clients participating in the Wrap Program includes individuals. There is an account minimum of \$50.

Item 6. Portfolio Manager Selection and Evaluation

The Wrap Program offered by Quantbase is sponsored by the Firm. Quantbase is the only portfolio manager. Our advice and services are based on the individual needs of our clients as determined after analyzing and thoroughly evaluating the client's goals, objectives, investment horizon, and risk tolerance. Clients may impose reasonable restrictions on investing in portfolios with certain risk profiles by advising Quantbase of the degree of their risk level (less aggressive, aggressive and more aggressive growth) based on the information provided in the questionnaire. However, once clients are invested in the portfolio, clients cannot modify the composition or allocation of the portfolio as these strategies are automated. If the client would like to change any elements of their portfolio, clients must contact Quantbase directly. Please see Item 4.A. for more information about these restrictions.

Quantbase has developed a fundamental research process, which includes both qualitative and quantitative factors, that it employs to construct portfolios, that are recommended based on a Client's employment status, income, investment goals and reasons to invest, time horizon and net assets. The research process aims to construct portfolios that meet certain characteristics such as the following: robust academic support, durable backtests, and high risk-adjusted and absolute returns.

Quantbase does not engage in holistic financial planning. Quantbase's primary approach is to provide its Clients with a collection of attractive high upside portfolios. As part of the analysis and review process, Quantbase may add, remove, re-categorize or replace investments offered by the Program. In the event an investment is removed and replaced with another substantially similar investment, Quantbase will liquidate Client positions to cash and directly initiate a reinvestment in the replacement investment. In the event an investment is re- categorized from a suitability standpoint, the investment may be liquidated to cash if the investment is no longer suitable for the Client and a new re-investment recommendation will be made to the Client based on the Client's new suitability profile. In events such as this where an investment is re-categorized for suitability purposes, the Client will be notified at least two weeks in advance of any investment being liquidated to cash.

Quantbase's Sentiment portfolios offer exposure to stocks receiving excessive attention on various social media sites as determined by a combination of factors including but not limited to: the sentiment and quantity of comments, posts, tweets, messages mentioning said stock tickers.

Quantbase's More Risk, More Reward portfolios utilize leveraged ETFs to maximize returns, while using market indicators and more stable ETFs to balance the volatility.

Quantbase's Cryptocurrency portfolios use cryptocurrency to implement popular factor strategies, like momentum, and traditional structures indexes and diversified portfolios.

Quantbase's Quantitative portfolios use market indicators and signals to create algorithmic portfolios using ETFs, individual stocks, and cryptocurrency.

Quantbase's Classic portfolios implement automatically rebalancing diversified compositions of low-cost, liquid, index-tracking ETFs from diverse providers.

Quantbase's Special portfolios draw from published academic papers to create unique investing strategies, often based on indicators or using more exotic securities like options and cryptocurrency, or creating new and varied indexes based on specific and quantitative criteria.

A. Risk of Loss

There are always risks to investing. All clients should be aware that all investments are subject to the potential loss of principal that clients should be prepared to bear. Clients should discuss specific investment decisions with their investment professional.

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

1. General Risks

It is impossible to describe all possible types of risks which may affect investments. Some general risks associated with investing include the following:

- Concentration Risk. To the extent a portfolio is concentrated in assets related to a particular industry or geographic region, the portfolio will be subject to additional volatility risks associated with such industry or region. In addition, concentrating in a single industry or group of industries may be more susceptible to any single economic, market, political or regulatory occurrence affecting that industry or group of industries.
- Market Risk. Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.

- 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.
- Interest Rate Risk. Movements in interest rates may directly cause prices of fixed income securities fluctuate. For example, rising interest rates can cause "high quality, relatively safe" fixed income investments to lose principal value.
- Credit Risk. Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client. For example, if debt obligations held by an account are downgraded by ratings agencies or go into default, or if management action, legislation or other government action reduces the ability of issuers to pay principal and interest when due, the value of those obligations may decline, and an account's value may be reduced. Because the ability of an issuer of a lower-rated or unrated obligation (including particularly "junk" or "high yield" bonds) to pay principal and interest when due is typically less certain than for an issuer of a higher-rated obligation, lower rated and unrated obligations are generally more vulnerable than higher-rated obligations to default, to ratings downgrades, and to liquidity risk.
- Purchasing Power Risk. Purchasing power risk is the risk that an investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- Maturity Risk. The value of bonds or notes may change from the time of issuance to the time of maturity. Generally speaking, maturity risk increases as the length of time until maturity increases.
- Liquidity Risk. Liquidity is the ability to readily convert an investment into cash. For example, Treasury Bills are highly liquid, while real estate properties are not. Some securities are highly liquid while others are highly illiquid. Illiquid investments carry more risk because it can be difficult to sell them.
- Political Risk. Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- Regulatory Risk. Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- Risks Related to Investment Term. If the client requires a liquidation of their portfolio during a period in which the price of the security is low, the client will not realize as much value as they would have had the investment had the opportunity to regain its

value, as investments frequently do, or had it been able to be reinvested in another security.

- Horizon and Longevity Risks. The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.
- Business Risk. Many investments contain interests in operating businesses. Business risks are risks associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Financial Risk. Many investments contain interests in operating businesses. Excessive borrowing to finance a business' operations decreases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Default Risk. This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- Cybersecurity Risk. There is cybersecurity risk with the increased use of technologies such as the Internet to conduct business. Quantbase and its service providers are susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber incidents affecting us or our service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, impediments to trading, the inability of clients to transact business, violations of applicable privacy and other law. While both we and our service providers have established business continuity plans in the event of such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, we are unable to control the cyber security plans and systems put in place by our service providers or any other third parties whose operations may affect us and or its clients. As a result, Quantbase and its clients could be negatively impacted.
- Robo-adviser Risk. The inherent risk with automated investment advice (or a "robo-adviser") is that it lacks human judgment and oversight. A robo-adviser might rely on

broad assumptions that may not reflect current economic conditions or a client's particular situation. Algorithms may not provide personalized recommendations based on a client's overall tax situation, other investments a client may own, and the client's ability or desire to withstand losses. The algorithm might rebalance client accounts without regard to market conditions at an inopportune time. The algorithm may not address prolonged changes in market conditions. It is possible that Clients or Quantbase itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to Quantbase's software-based investment advisory service.

- Risks for non-securities products. Some of the assets held and transacted in the non-fungible token and cryptocurrency portfolios are non-securities and thus not regulated by the SEC. These assets and portfolios still contain risk due to many sources. The underlying assets in these portfolios have high volatility, which means the portfolios themselves may experience periods of high price volatility. Furthermore, the underlying assets in these portfolios may experience low trading volumes and high illiquidity, which may also cause rapid changes in value. Although the assets in which Quantbase invests to give users exposure to the underlying are selected due in part to high liquidity, the mechanisms behind the assets themselves are not operated or overseen by Quantbase. Additionally, Quantbase's methodology for the selection of these assets comes from numerical data that is sourced from 3rd-party data providers whose methodology we are not privy to, not fundamental due diligence on the assets themselves.

2. Specific Risks

There are also risks related to recommendation of specific types of securities. A portfolio may be comprised of stocks, bonds, preferred securities, publicly traded partnerships, ETFs, mutual funds, separately managed accounts, listed options on ETFs and stocks, Cryptocurrencies, leveraged ETFs cash or cash equivalents and select alternative investments. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

- Large-Cap Stock Risk. Investment strategies focusing on large-cap companies may underperform other equity investment strategies as large cap companies may not experience sustained periods of growth in the mature product markets in which they operate.
- Small/Mid-Cap Stock Risk. Investment strategies focusing on small- and mid-cap stocks involve more risk than strategies focused on larger more established companies because small- and mid-cap companies may have smaller revenue, narrower product lines, less management depth, small market share, fewer financial resources and less competitive strength.

- **r/WallStreetBets Risk.** Investment strategy analyzing the subreddit r/WallStreetBets. Investments are selected by choosing the top 15 stocks, as rated by our algorithm, with main factors including comment sentiment (positive/negative) and number of mentions across comments and posts. A stock is exited during rebalance time if it is no longer in the top 15 stocks. Decisions are not directly based on fundamental factors, but rather on the whims of a community known for high-risk exposure. As such, investment selections may be incredibly volatile, and subject to dramatic changes. Decisions may be manipulated by a number of factors outside of Quantbase's control, such as community-wide campaigns on the subreddit to mislead algorithmic funds, typos and ticker/company misrepresentation on the community end-users' end, and nuances like sarcasm. Rebalances and investment selection are automated and are not required to be subject to human approval.
- **Social Media Risk.** Invests in the top 15 stocks measured by how much people are talking about the stock across several social media sites — Reddit, Twitter, Yahoo Finance, Stocktwits posts and discussions. The more mentions a stock has (and upvotes or likes the mention gets), the higher it ranks, and the more likely it is to be in the top 15. All 15 stocks in this fund are equally weighted. Social media mentions may mean a variety of things -- good or bad. Social media sites are heterogeneous between themselves (Twitter vs. Reddit) and within (r/WallStreetBets vs. r/Investing, both on Reddit). An automated strategy does not pick up nuances like sarcasm.
- **Crypto 100 Index Risk.** An automatically rebalancing index of the top 100 cryptocurrencies on CoinGecko, weighted by market capitalization. Cryptocurrency as an asset class can be volatile, especially in downturns. Cryptocurrencies have less regulation than stocks, meaning some crypto projects can be fraudulent or non-transparent. This fund relies on data from CoinGecko, a third-party coin price tracker, whose results are based on factors outside of Quantbase's control. Quantbase's algorithm sources a number of exchanges in order to get access to the cryptocurrencies in this fund, and thus does not control factors laid out by these exchanges, such as commission rates and execution speed or routing. Rebalances and investment selection are automated and are not required to be subject to human approval.
- **Nasdaq Crypto Index Risk.** An automatically market-cap weighted rebalancing fund tracking the Nasdaq Crypto Index. Index eligibility criteria include: active tradability on at least three Core Exchanges (BitStamp, Coinbase, Gemini, itBit, Kraken — as of index inception 12/1/2020); supported by at least two Core Custodians (BitGo, Coinbase, Fidelity, Gemini — as of index inception 12/1/2020); median daily trade volume in the USD pair across all core exchanges that is at least 0.5% of the crypto asset with the highest median daily trade volume; have pricing that is not pegged to the value of another asset; market cap must be 0.5% of the full market cap of all eligible cryptos (0.25% to stay in if already existing in index). Weighting is based on free float market cap of token, divided by the free float market cap of all constituents in the index. Relatively small number of constituents and high market cap share of top assets means this index is prone to similar

price fluctuations as its largest assets. Cryptocurrency as an asset class can also be quite volatile.

- **Hedge Fund Index Risk.** An automatically rebalancing fund of the top 30 highest conviction stock picks by select hedge funds from their quarterly 13F filings. Hedge fund selection is determined by considering a variety of factors, including but not limited to: size of the fund and past returns of the hedge fund over its lifetime and over a recent period. Selection for highest conviction picks is determined by a number of factors, including the number of individual funds invested in the stock, total amount invested in the stock, market cap of the stock, and net flow into or out of the stock. Filtered by a "quality" rating based on profit margins, turnover, financial strength, and returns on capital. Intuition based on https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1364827, which asserts that while hedge funds as a whole often do not beat the market, their best ideas do. This fund relies on tracking 13F filings for hedge funds, which are lagging indicators of hedge fund picks. At the latest, the filings come a quarter after the investment has been made. Not all hedge funds have to file a 13F, including those that don't meet AUM requirements. Previous investigations have uncovered certain problems casting doubts on the reliability of 13F filings by hedge funds in disclosing their investments.
- **All Weather Portfolio Risk.** Fund based on Bridgewater founder Ray Dalio's All-Weather Fund, recreated through ETFs. Its goal is to weather all market environments — higher inflation than expected (rising prices), lower than expected inflation (or increasing deflation), higher than expected economic growth, and lower than expected growth. Underperforms S&P in annual return. The larger bond allocation means it underperforms during periods of high growth.
- **Leveraged All Weather Portfolio Risk.** Fund based on Bridgewater founder Ray Dalio's All-Weather Fund, recreated to give leveraged exposure to the strategy's diversified approach. Its goal is to weather all market environments — higher inflation than expected (rising prices), lower than expected inflation (or increasing deflation), higher than expected economic growth, and lower than expected growth. Because leveraged ETFs use financial derivatives to give you 3x or 2x leverage to the underlying, they do not always fully track the index. The return of leveraged funds for periods longer than a single day will be the result of its return for each day compounded over the period. In a rising market, this generally means that a 3x leveraged instrument would likely deliver more than 3x returns, but in a sideways or falling market, a 3x leveraged instrument would underperform its underlying by more than 3x. This is especially important in high-volatility markets, where leveraged ETFs may underperform their expected returns due to the compounding effects detailed earlier. In a very general sense, the reason for this is that tracking restarts at the start of each trading day — 3x ETF performance is based on the daily move of its underlying 1x, and not on the 3x ETF's share value itself.
- **Bogleheads' Three Fund Risk.** Fund type popularized by Bogleheads, a forum of investing enthusiasts named after Jack Bogle, founder of Vanguard. Built for those attracted by Bogle's ethos of "the majesty of simplicity" due to the total-market tracking of basic asset classes. Allocated as 60% US stocks, 20% international stocks, and 20% US bonds.

Underperforms S&P in annual return. The larger bond allocation means it underperforms during periods of high growth.

- **Leveraged S&P + Bonds Risk.** Fund that invests into leveraged ETFs/ETNs (exchange-traded funds and notes) that track the S&P (3x leverage), the bond market (2x leverage), and volatility (2x leverage). Tracking volatility means it should go up if market volatility goes up. Because leveraged ETFs use financial derivatives to give you 3x or 2x leverage to the underlying, they don't always fully track the index. The return of leveraged funds for periods longer than a single day will be the result of its return for each day compounded over the period. In a rising market, this generally means that a 3x leveraged instrument would likely deliver more than 3x returns, but in a sideways or falling market, a 3x leveraged instrument would underperform its underlying by more than 3x. This is especially important in high-volatility markets, where leveraged ETFs may underperform their expected returns due to the compounding effects detailed earlier. In a very general sense, the reason for this is that tracking restarts at the start of each trading day — 3x ETF performance is based on the daily move of its underlying 1x, and not on the 3x ETF's share value itself. Additionally, volatility is tracked by market participants — if the VIX goes up, the ETN goes up because market participants are buying, rather than an underlying asset rising in value.
- **Leveraged Nasdaq + Bonds Risk.** Fund that invests into leveraged ETFs/ETNs (exchange-traded funds and notes) that track Nasdaq (3x leverage), the bond market (2x leverage), and volatility (2x leverage). Tracking volatility means it should go up if market volatility goes up. Because leveraged ETFs use financial derivatives to give you 3x or 2x leverage to the underlying, they don't always fully track the index. The return of leveraged funds for periods longer than a single day will be the result of its return for each day compounded over the period. In a rising market, this generally means that a 3x leveraged instrument would likely deliver more than 3x returns, but in a sideways or falling market, a 3x leveraged instrument would underperform its underlying by more than 3x. This is especially important in high-volatility markets, where leveraged ETFs may underperform their expected returns due to the compounding effects detailed earlier. In a very general sense, the reason for this is that tracking restarts at the start of each trading day — 3x ETF performance is based on the daily move of its underlying 1x, and not on the 3x ETF's share value itself. Additionally, volatility is tracked by market participants — if the VIX goes up, the ETN goes up because market participants are buying, rather than an underlying asset rising in value.
- **Crypto 3-Fund Risk.** The Three-Fund portfolio was popularized by Bogleheads, a forum of investing enthusiasts named after Jack Bogle, founder of Vanguard. Built for those attracted by Bogle's ethos of "the majesty of simplicity" who want simple exposure to the crypto market. Allocated as 60% allocated to Bitcoin, 20% to Ether, and 20% staked in Tether, a token designed to stay equal in value to the US Dollar. Staking refers to locking up an asset (for as long as the staker wants) in a crypto network, granting the network liquidity and receiving interest in exchange. Bitcoin and Ethereum are often highly correlated, in both upturns and downturns, with Ethereum often trading more volatile.

This means that this fund could underperform a 100% allocation to Bitcoin in a downturn. A large risk of staking crypto tokens is market risk. Staking doesn't save the token from dropping in value. Other risks include illiquidity (it will be difficult to sell an asset that you are staking, if it is a micro-cap altcoin with little volume) and exchange risk (staking on an exchange trusts the exchange with those tokens).

- **Single-Index Leveraged In and Out Risk.** A signal-based automated fund seeking to capitalize on broad economic growth and hedge against downturns by switching between 3x leveraged S&P ETF UPRO or 1-3 month T-Bill ETF BIL, based on movements in the simple moving average technical indicator, and its value compared to the last closing price of the S&P. Due to its usage of technical and other indicators to be invested or divested from an ETF, this is a market timing model. A broad risk involved in market timing is that it will fail to capture upside if divested. Indicators that have performed historically may not hold predictive power in the future. Additionally, because leveraged ETFs use financial derivatives to give you 3x or 2x leverage to the underlying, they don't always fully track the index. The return of leveraged funds for periods longer than a single day will be the result of its return for each day compounded over the period. In a rising market, this generally means that a 3x leveraged instrument would likely deliver more than 3x returns, but in a sideways or falling market, a 3x leveraged instrument would underperform its underlying by more than 3x. This is especially important in high-volatility markets, where leveraged ETFs may underperform their expected returns due to the compounding effects detailed earlier. In a very general sense, the reason for this is that tracking restarts at the start of each trading day — 3x ETF performance is based on the daily move of its underlying 1x, and not on the 3x ETF's share value itself.
- **Double-Index Leveraged In and Out Risk.** An automatically rebalancing fund seeking to capitalize on broad economic growth and hedge by switching between Nasdaq 3x leveraged ETF TQQQ, or 100% invested into Treasury market ETFs (TMF and TYD, 50% each), based on indicators analyzing market trends and technical indicators. Monitor data includes but is not limited to: price trends, bond yield, the prices of metals, industrials, gold, utilities, natural resources, silver, and currency prices. Due to its usage of technical and other indicators to be invested or divested from an ETF at different times, this is a market timing model. A broad risk involved in market timing is that it will fail to capture upside if divested. Indicators that have performed historically may not hold predictive power in the future. Additionally, because leveraged ETFs use financial derivatives to give you 3x or 2x leverage to the underlying, they don't always fully track the index. The return of leveraged funds for periods longer than a single day will be the result of its return for each day compounded over the period. In a rising market, this generally means that a 3x leveraged instrument would likely deliver more than 3x returns, but in a sideways or falling market, a 3x leveraged instrument would underperform its underlying by more than 3x. This is especially important in high-volatility markets, where leveraged ETFs may underperform their expected returns due to the compounding effects detailed earlier. In a very general sense, the reason for this is that tracking restarts at the start of each trading day — 3x ETF performance is based on the daily move of its underlying 1x, and not on the 3x ETF's share value itself.

- **Nancy Pelosi Tracker Risk.** A fund that follows the publicly available equity exposure of Rep. Nancy Pelosi. Automatically rebalanced as her public accounts change. A person's status as a government representative does not inherently correlate with above-market returns. Per the STOCK Act, members of Congress are required to file reports disclosing securities transactions within 45 days after the trade takes place, but this delay means that this tracking fund can not immediately correlate with any Congressional member's portfolio.
- **Mutual Fund and Exchange Traded Fund ("ETF") Risk.** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs. The returns from the types of securities in which an ETF invests may underperform returns from the various general securities markets or different asset classes. The securities in the underlying indexes may underperform fixed-income investments and stock market investments that track other markets, segments and sectors. Different types of securities tend to go through cycles of out-performance and underperformance in comparison to the general securities markets.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its

weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

- Options Risk. Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. Options trading involves certain risks which trading in the underlying securities alone does not. For example, interest rates and market volatility affect values, and options have limited life spans and so may expire worthless despite the underlying position becoming profitable soon thereafter. If a portfolio fund writes (sells) options, it may sustain major marked-to-market losses — even if the options sold are never “in-the-money” — as a result of increases in market volatility and/or market movements towards the strike prices of such options. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the “expiration date”). The two types of options are calls and puts:
 - A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.
 - A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises. ○ Writers of Naked Puts risk substantial losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.

- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or ditch unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
 - Option trading exchanges or markets and option contracts themselves are open to changes at all times.
 - Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
 - Risk of erroneous reporting of exercise value.
 - If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
 - Internationally traded options have special risks due to timing across borders.
- Cryptocurrency Risk. Cryptocurrency (notably, bitcoin), often referred to as “virtual currency”, “digital currency,” or “digital assets,” operates as a decentralized, peer-to-peer financial exchange and value storage that is used like money. Cryptocurrency operates without central authority or banks and is not backed by any government. Even indirectly, cryptocurrencies may experience very high volatility. Cryptocurrency is also not legal tender. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware. Due to its relatively recent launch, bitcoin has a limited trading history, making it difficult for investors to evaluate investments in this cryptocurrency. It is also possible that a cryptocurrency other than bitcoin, including cryptocurrencies in which clients have limited or no exposure to, could become materially popular and have a negative impact on the demand for and price of bitcoin. It is possible that another entity could manipulate the blockchain in a manner that is detrimental to the bitcoin network. Bitcoin transactions are irreversible such that an improper transfer can only be undone by the receiver of the bitcoin agreeing to return the bitcoin to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice.

- Leveraged ETFs Risk. Leverage is the investment strategy of using borrowed money: specifically, the use of various financial instruments or borrowed capital to increase the potential return of an investment. Leverage can also refer to the amount of debt used to finance assets. When one refers to something (a company, a property or an investment) as "highly leveraged," it means that item has more debt than equity. Like other ETFs, leveraged ETFs are individual securities that trade on an exchange and can be bought and sold in intraday trading. But leveraged ETFs differ from their traditional cousins in that they typically invest in one or more derivatives, which will cause their prices to rise or fall exponentially farther than the underlying benchmark against which they trade. For example, an ETF that is double leveraged against the S&P 500 Index would rise and fall twice as much in price as the index itself. If the index rises 2% in a day, then this fund would rise by 4% in value. These funds can be leveraged at different rates, with some moving twice as much as the underlying market or index and others rising or falling three, four or more times as much as the benchmark. There are also leveraged ETFs that move inversely to their benchmarks, where the fund will fall in price by a given exponential rate when the benchmark rises and vice-versa. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. These investment vehicles may be extremely volatile and can potentially expose a portfolio to significant losses.
 - Leveraged ETF Leveraged Risk: The leveraged ETF obtains investment exposure in excess of its assets in seeking to achieve its investment objective — a form of leverage — and will lose more money in market environments adverse to its daily objective than a similar fund that does not employ such leverage. The use of such leverage could result in the total loss of an investor's investment.
 - Leveraged ETF Compounding Risk: Compounding affects all investments, but has a more significant impact on a leveraged fund. Particularly during periods of higher Index volatility, compounding will cause results for periods longer than a single day to vary from the stated multiplier of the return of the Index. This effect becomes more pronounced as volatility increases.
 - Leveraged ETF Use of Derivatives: The leveraged ETF obtains investment exposure through derivatives. Investing in derivatives may be considered aggressive and may expose the leveraged ETF to greater risks than investing directly in the reference asset(s) underlying those derivatives. These risks include counterparty risk, liquidity risk and increased correlation risk (each as discussed below). When the leveraged ETF uses derivatives, there may be imperfect correlation between the value of the reference asset(s) and the derivative, which may prevent the leveraged ETF from achieving its investment objective. Because derivatives often require only a limited initial investment, the use of derivatives also may expose the leveraged ETF to losses in excess of those amounts initially invested. The leveraged ETF may use a combination of swaps on the Index and swaps on an ETF that is designed to track the performance of the Index. The performance of an ETF

may not track the performance of the Index due to embedded costs and other factors. Thus, to the extent the leveraged ETF invests in swaps that use an ETF as the reference asset, the leveraged ETF may be subject to greater correlation risk and may not achieve as high a degree of correlation with the Index as it would if the leveraged ETF only used swaps on the Index. Moreover, with respect to the use of swap agreements, if the Index has a dramatic intraday move that causes a material decline in the leveraged ETF's net assets, the terms of a swap agreement between the leveraged ETF and its counterparty may permit the counterparty to immediately close out the transaction with the leveraged ETF. In that event, the leveraged ETF may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with the leveraged ETF's investment objective. This, in turn, may prevent the leveraged ETF from achieving its investment objective, even if the Index reverses all or a portion of its intraday move by the end of the day. Any costs associated with using derivatives will also have the effect of lowering the leveraged ETF's return.

In addition, there is no assurance that a mutual fund, an ETF, or any security will achieve its investment objective. The principal risks of investing in any mutual fund or ETF are market risk, diversification risk and style risk (growth investing risk and mid-cap company risk). To the extent that a mutual fund or ETF invests in foreign securities or debt securities, a fund would be subject to foreign exposure risk, interest rate risk and credit risk. A fund may invest in derivative instruments that carry derivative instruments risk. A principal risk is the risk that the value of equity securities may decline. Although a mutual fund or ETF may be a diversified fund, it may invest in securities of a limited number of issuers to achieve a potentially greater investment return than a fund that invests in a larger number of issuers. As a result, price movements of a single issuer's securities will have a greater impact on this fund's net asset value causing it to fluctuate more than that of a more widely diversified fund. These and other risk considerations are discussed in a fund's prospectus. Past performance of investments is no guarantee of future results.

Mutual fund investing involves risk including the possible loss of principal. Non-diversified funds are more susceptible to financial, market and economic events affecting the particular issuers and industry sectors in which they invest and therefore may be more volatile or risky than less concentrated investments. There can be no assurance that any fund will be able to achieve its investment objective. For more information on a particular fund's associated risks, please refer to that fund's prospectus or equivalent disclosure document.

Due to the volatile nature and risks involved when investing in certain types of strategies and/or securities, clients should be aware that the actual return and value of their account(s) may fluctuate and at any point in time be worth more or less than the amount originally invested. We do not represent, guarantee or imply that the services or methods of analysis employed by Us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

B. Performance-Based Fees and Side-By-Side Management

Performance-based fees are based on a share of capital gains on or capital appreciation of the client's assets. Side-by-side management occurs when advisers manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee. We do not accept performance-based fees, nor do we engage in side-by-side management.

C. Proxy Voting

Quantbase does not participate in proxy voting on behalf of clients. Our clients are responsible for directing their own proxies solicited by issuers of securities. Clients are responsible for making elections relative to mergers, acquisitions, tender offers, bankruptcy proceedings and other type events pertaining to the securities in your account. Proxy and other solicitation information will be emailed to clients from Alpaca. Clients may not contact us with questions about a particular solicitation. Please follow the instructions for proxy voting included in the mailing.

Item 7. Client Information provided to Portfolio Managers

Quantbase manages all client accounts directly and does not share client information with other portfolio managers.

Item 8. Client Contact with Portfolio Managers

Quantbase will provide investment advice exclusively through its website -- Clients may interact with Quantbase through its website getquantbase.com, but will not be able to directly contact Quantbase's portfolio managers for investment advice. Clients may contact Quantbase for technical and customer service issues [via email at hello@getquantbase.com](mailto:hello@getquantbase.com), but not for investment advice.

Item 9. Additional Information

A. Disciplinary Information

Quantbase is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures to report in response to this Item.

B. Other Financial Industry Activities and Affiliations

Quantbase does not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- An investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution

- An Accountant or accounting firm
- A lawyer or law firm
- An insurance company or agency
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

C. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Quantbase, its management and supervised persons (collectively “personnel”), subscribe to a strict Code of Ethics. The Code of Ethics is designed to comply with the investment advisory laws and regulations that require firms to act as fiduciaries in transactions with their clients. The Firm’s inherent fiduciary duty requires that the Firm act solely in its clients’ best interest and adhere to standards of utmost integrity in its communications and transactions. These standards ensure that clients’ interests are preeminent.

Accordingly, Quantbase has implemented extensive policies, guidelines, and procedures that promote ethical practices and conduct by all of the Firm’s personnel. The Firm’s Code of Ethics specifies and prohibits certain types of transactions deemed to create conflicts of interest (or perceived conflicts of interest), as well as to establish reporting requirements and enforcement procedures relating to personal transactions by its personnel. The Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes the Firm’s ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. The Firm will provide a copy of the complete Code of Ethics to any client or prospective client upon request.

1. Proprietary Trading

Quantbase and its representatives are permitted to buy or sell securities for their own accounts that the Firm also recommends to clients, consistent with the Firm’s policies and procedures. This presents a conflict of interest because it may be possible for Us or our representatives to receive more favorable prices than our clients. We will always document any transactions that could be construed as a conflict of interest. To mitigate this conflict of interest, we will monitor trading reports for adherence to our Code of Ethics.

2. Participation or Interest in Client Transactions

The Firm does not recommend that clients buy or sell securities in which it or a related person may have a material financial interest.

Brokerage Practices

Quantbase recommends that clients utilize the brokerage and clearing services of Alpaca Securities LLC (“Alpaca”). Factors which Quantbase considers in recommending Alpaca or any

other broker-dealer to clients include their respective financial strength, breadth of service, existing relationships, execution, pricing, research and resources available. Not all investment advisers recommend that a client use a particular broker-dealer.

3. Research and Other Soft Dollar Benefits

Quantbase receives research or other products or services (i.e., soft dollar benefits) from broker-dealers in exchange for placing trades or processing securities related transactions for clients. We do not have to pay the broker-dealer for these services and no client is charged for these services. Therefore, we receive a benefit. The products or services received may benefit all of our customers, not just those whose assets are custodied at the broker-dealer who provides the products or services. This may result in higher transaction costs than those that would have been incurred but for the soft dollar benefits. This is a conflict of interest, as we have an incentive to recommend Alpaca because of our existing relationship and the benefits we receive. For example, Alpaca provides us with electronic access to Customers' real-time positions, monthly statements, and confirmations. Alpaca also provides with access to a platform that helps generate a number of reports that help assist us with supervising and monitoring activity. We mitigate this conflict by conducting semi-annual best execution reviews and thorough application of our policies and procedures. We have determined that the transaction charges we incur and charge to the client are reasonable in relation to the value of the services received.

4. Brokerage for Client Referrals

Quantbase does not receive client referrals or compensation of any kind from broker-dealers or other third parties in exchange for using any particular broker-dealer.

5. Directed Brokerage

We routinely recommend that the client direct our Firm to execute transactions through broker-dealers with which we have a business relationship. As such, we may be unable to achieve the most favorable execution of the client's transactions and the client may pay higher brokerage commissions than the client might otherwise pay through another broker-dealer that offers the same types of services.

Our Firm will not permit clients to utilize their own broker-dealer.

6. Order Aggregation

We do not block trade.

D. Review of Accounts

Client portfolios are reviewed for performance, risk, and asset allocation once per calendar month. Special market or news events may trigger extra or more frequent reviews in between the normal schedule.

We review accounts on at least an annual basis for our portfolio management clients. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We attempt to understand anything that may have changed in our clients personal, professional, or financial situations, provided changes in their profile that they have given us through the website.

Quantbase may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events or updates by the client of their profile through the questionnaire provided by Quantbase on its website.

E. Client Referrals and Other Compensation

Quantbase does not receive referral compensation. Quantbase does not compensate others for referrals.

We do not currently compensate any third parties for client referrals. Some of our custodian broker partners provide us with investment research and analysis tools. This research and these tools may be considered a material economic benefit and is described above in Item 9, Brokerage Practices.

F. Custody

Other than as described below, Quantbase does not maintain physical custody of client funds or securities. We require that a qualified custodian hold client assets. Information about the custodian we recommend is fully described above until the title Brokerage Practices. We have implemented the safeguard requirements of SEC regulations by requiring safekeeping of clients' funds and securities by a qualified custodian.

Quantbase shall have the ability to have its advisory fee for each client debited by the custodian on a monthly basis. Client account statements are mailed or sent electronically by the account custodian. At least quarterly, clients are provided written transaction confirmation notices and regular written summary statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. This statement shall disclose to the client the amount of the fee and the client's assets upon which the fee was based. The account custodian does not verify the accuracy of Quantbase's advisory fee calculation. Clients are advised to review these statements carefully, comparing asset values, holdings, and advisory fees on account statements to that in previously received statements, confirmations, and fee invoices.

G. Financial Information

Quantbase does not require or solicit the prepayment of more than \$1200 in fees six months or more in advance of services rendered. We do not have a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients and we have not been the subject of a bankruptcy petition at any time during the past ten years.