

TRACE WEALTH ADVISORS, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Trace Wealth (hereinafter “Trace Wealth” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov. The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

Registered investment advisers are required to disclose all material changes of fact regarding Form ADV Part 2A, or its Firm Brochure, since its last annual update.

This represents the initial registration Firm Brochure. As such, there are no material changes in this Form.

We will provide you with a new Firm Brochure as necessary based on any material changes or new information, at any time, and without charge.

Our Firm Brochure may be requested free of charge by contacting us at 310-569-4534.

Table of Contents

<i>Item 2. Material Changes</i>	<i>1</i>
<i>Item 4. Advisory Business</i>	<i>4</i>
<i>Item 5. Fees and Compensation.....</i>	<i>5</i>
<i>Item 6. Performance-Based Fees and Side-by-Side Management</i>	<i>6</i>
<i>Item 7. Types of Clients</i>	<i>6</i>
<i>Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....</i>	<i>7</i>
<i>Item 9. Disciplinary Information</i>	<i>10</i>
<i>Item 10. Other Financial Industry Activities and Affiliations.....</i>	<i>10</i>
<i>Item 11. Code of Ethics</i>	<i>10</i>
<i>Item 12. Brokerage Practices.....</i>	<i>11</i>
<i>Item 13. Review of Accounts.....</i>	<i>12</i>
<i>Item 14. Client Referrals and Other Compensation</i>	<i>13</i>
<i>Item 15. Custody.....</i>	<i>13</i>
<i>Item 16. Investment Discretion</i>	<i>13</i>
<i>Item 17. Voting Client Securities</i>	<i>14</i>
<i>Item 18. Financial Information</i>	<i>14</i>

Item 4. Advisory Business

Clients can engage Trace Wealth to manage all or a portion of their assets on a discretionary or a non-discretionary basis. Trace Wealth primarily allocates clients' investment assets among mutual funds, exchange traded funds ("ETFs"), third-party managers, and alternative investments in accordance with the investment objectives of the client. The Firm may also provide advice and oversight with regard to legacy positions or concentrated stock positions otherwise held in its clients' portfolios.

Consulting Services

Trace Wealth provides consulting services (including investment and non-investment related matters, such as estate planning, education savings, tax consulting, real estate analysis, consolidated reporting, etc.). Consulting services are sometimes provided as part of Trace Wealth's investment advisory services, however, Trace Wealth may charge an additional fee for such services depending on the level of service provided and other considerations deemed relevant by Trace Wealth in its sole discretion.

Trace Wealth may provide consulting services on a stand-alone basis. Prior to engaging Trace Wealth to provide these services and to the extent a client has not entered into an investment advisory agreement with Trace Wealth, clients are generally required to enter into a Consulting Agreement with Trace Wealth setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and fees payable for the service.

Investment Advisory Services

Trace Wealth provides certain clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

Trace Wealth primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, independent investment managers ("Independent Managers") and privately placed securities (including in pooled investment vehicles) in accordance with their stated investment objectives.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage Trace Wealth to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as private placements, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

Trace Wealth tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Trace Wealth consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Trace Wealth if there are changes in their financial situation or if they wish to

place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Trace Wealth determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

Item 5. Fees and Compensation

Investment Advisory Fees

Trace Wealth offers investment advisory services for an annual fee based on the amount of assets under the Firm's management. This management fee is generally .40% of the AUM.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Trace Wealth on the last day of the previous quarter. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Trace Wealth may negotiate a fee rate that differs from the range set forth above.

Consulting Fees

Trace Wealth provides consulting services on a stand-alone basis or in connection with investment advisory services. Prior to engaging Trace Wealth to provide these services and to the extent a client has not entered into an investment advisory agreement with Trace Wealth, clients are generally required to enter into a Consulting Agreement with Trace Wealth setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Trace Wealth commencing services, if applicable.

Trace Wealth charges either an AUM-based fee in the range of .10 to .20% of AUM or a flat fee ranging from \$12,000 to \$250,000 per year. Fees are billed monthly in arrears. Fees are negotiable and may be higher or lower than these ranges. Trace Wealth will not charge more than \$1200 6 months or more in advance for Consulting services.

Additional Fees and Expenses

In addition to the advisory fees paid to Trace Wealth, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, margin costs, charges imposed directly by a mutual fund

or ETF in a client's account, as disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

Direct Fee Debit

Clients provide Trace Wealth with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Trace Wealth. Alternatively, clients may elect to have Trace Wealth send a separate invoice for direct payment.

Use of Margin

Trace Wealth may recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. Trace Wealth only recommends such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

Account Additions and Withdrawals

Clients can make additions to and withdrawals from their account at any time, subject to Trace Wealth's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to Trace Wealth, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Trace Wealth may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (*e.g.*, contingent deferred sales charges) and/or tax ramifications.

Item 6. Performance-Based Fees and Side-by-Side Management

This Item is not applicable. Trace Wealth does not charge performance-based fees.

Item 7. Types of Clients

Trace Wealth's advisory services are available for individuals, high net worth individuals, individual retirement accounts ("IRAs"), banks and thrift institutions, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), participants in such plans, trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

Trace Wealth does not require a minimum asset amount for consulting services, participant consulting or research services. For investment advisory services, any required minimum account value will be set out in the client agreement.

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

Methods of Analysis and Investment Strategies

Trace Wealth tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Trace Wealth consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios.

Clients are advised to promptly notify Trace Wealth if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Trace Wealth determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts. The Firm may recommend options and derivatives in an attempt to reduce risk, generate income or leverage return potential in situations that it believes is in the best interest of the client.

Risk of Loss

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

Market Risks

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Trace Wealth's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Trace Wealth will be able to predict these price movements accurately or capitalize on any such assumptions.

Volatility Risks

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

Cash Management Risks

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

Equity-Related Securities and Instruments

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

Fixed Income Securities

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid

secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Use of Independent Managers

As stated above, Trace Wealth may select Independent Managers to manage a portion of its clients' assets. In these situations, Trace Wealth continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Trace Wealth does not have the ability to supervise the Independent Managers on a day-to-day basis.

Options

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Derivatives

Derivatives are financial instruments based on agreements or contracts and whose value is tied to an underlying asset, instrument, or index. Derivatives generally create leverage. As a result, a small movement in the underlying asset's value can cause a large difference in the value of the derivative and result in large profits or losses depending on the direction of the change. Derivatives are subject to liquidity and interest rate risk, market risk, credit risk and management risk. In addition, derivative instruments may experience dramatic price changes and imperfect correlations between the price of the derivative contract and the underlying security or index, which may increase a mutual fund's volatility. Derivatives and forward-settling securities also involve leverage risk because they can provide investment exposure in an amount exceeding the initial investment.

Use of Private Collective Investment Vehicles

Trace Wealth recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

Currency Risks

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

Interest Rate Risks

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

Item 9. Disciplinary Information

Trace Wealth has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

Trace Wealth is not engaged in any other financial industry activity or affiliation.

Item 11. Code of Ethics

Trace Wealth has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Trace Wealth's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Trace Wealth's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed; the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase

agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact Trace Wealth to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

Recommendation of Broker-Dealers for Client Transactions

Trace Wealth does not receive research or other products or services other than execution from a broker-dealer in connection with client securities transactions (“soft dollar benefits”). Trace Wealth does not consider, in selecting or recommending broker-dealers, whether Trace Wealth or a related person of Trace Wealth receives client referrals from a broker-dealer or third party.

Trace Wealth recommends that clients utilize the custody, brokerage and clearing services of LPL Financial (together with affiliates, “LPL”) for investment management accounts. The final decision to custody assets with LPL is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Trace Wealth is independently owned and operated and not affiliated with LPL. LPL provides Trace Wealth with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Trace Wealth considers in recommending LPL or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. LPL enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The Firm expects that LPL will agree to reimburse clients for exit fees associated with moving accounts to LPL. The reimbursement would only be available up to a certain amount for all of the Firm’s clients over a twelve month period. Fees are to be reimbursed on a first-come-first-served basis so that no clients are favored. The commissions and/or transaction fees charged by LPL may be higher or lower than those charged by other Financial Institutions.

Trace Wealth shall place trades in compliance with the Firm’s duty to obtain “best execution.” In seeking best execution, the firm seeks the best qualitative execution, taking into consideration the full range of a Financial Institution’s services, including among others, the value of research provided, execution capability costs that may impact clients and responsiveness. Trace Wealth seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom Trace Wealth and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Trace Wealth periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Directed Brokerage

The client may direct Trace Wealth in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Trace Wealth (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Trace Wealth may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Trade Aggregation

Transactions for each client will be effected independently, unless decides to purchase or sell the same securities for several clients at approximately the same time. Trace Wealth may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently.

Under this procedure, transactions will be averaged as to price and allocated among Trace Wealth’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Trace Wealth’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Trace Wealth does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Item 13. Review of Accounts

Account Reviews

Trace Wealth reviews accounts and meet with clients, on a regular basis or as requested by the client, and such meetings may include review of accounts statements, performance information, and other information or data related to the client's account and investment objectives.

Clients are encouraged to promptly inform Trace Wealth of any changes to their financial circumstances and investment goals, and to consult and update their financial plans annually. Such consultations and annual reviews are conducted at the election of the client as determined with their Trace Wealth representative and may consist of an updated personal financial plan or recommendations if the client's circumstances and/or goals have changed. Alternatively, the review may be a comparison of the client's current assets and goals (in the form of a progress report or update).

For investment advisory services, Trace Wealth reviews client accounts on an ongoing basis to provide consulting and advisory services. Trace Wealth reviews monthly or quarterly account statements provided by the custodian and other account-related information including the client's profile and records. In addition, Trace Wealth reviews accounts using risk-based criteria such as performance, trading activity, and concentration. The Compliance Officer of Trace Wealth oversees the process for reviewing customized accounts.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from LPL or the firm where their assets are custodied. Clients should consider these custodial confirmations and statements to be the primary account record. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Trace Wealth and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Trace Wealth or an outside service provider.

Item 14. Client Referrals and Other Compensation

Trace Wealth does not pay and does not receive compensation for client referrals. Trace Wealth does not receive compensation for other services or activities.

Item 15. Custody

Trace Wealth is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. All client funds and securities are maintained at LPL or at the financial institution selected by the client. These firms serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period. As noted above, client should consider the custodial statements to be the primary account record.

Item 16. Investment Discretion

Trace Wealth is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Trace Wealth is given this authority through a power-of-attorney included in the agreement between Trace Wealth and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Based on a client's written authorization, Trace Wealth takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The Independent Managers to be hired or fired.

Item 17. Voting Client Securities

Trace Wealth does not accept authority to vote client securities in connection with any of the services described in this Brochure.

Item 18. Financial Information

Trace Wealth is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and

The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.