

**Form ADV Part 2A: *Firm Brochure***

**Item 1 – Cover Page**

**Blacksheep Investment Advisor, LLC**

**d/b/a Blacksheep Advisor**

299 S. Main St., Suite 1300

Salt Lake City, UT 84111

385-505-5682

<http://www.blacksheepadvisor.net>

Date of Disclosure Brochure: September 2021

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This disclosure brochure provides information about the qualifications and business practices of Blacksheep Investment Advisor, LLC (also referred to as we, us and Blacksheep Advisor throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact us at 385-505-5682 or [curtis@blacksheepadvisor.net](mailto:curtis@blacksheepadvisor.net). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Blacksheep Advisor is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Blacksheep Investment Advisor, LLC or our firm's CRD number **310123**.

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

## **Item 2 – Material Changes**

Since filing the Annual Updating Amendment to this brochure in March 2021, we have ended our digital advisory and technology platform service-agreement with RobustWealth and now utilize similar services through FusionIQ and IQvestment. Updates resulting from this change have been made to Items 4 & 5 of this brochure.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes, as necessary.

### Item 3 – Table of Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	7
Item 6 – Performance-Based Fees and Side-By-Side Management .....	8
Item 7 – Types of Clients .....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9 – Disciplinary Information .....	13
Item 10 – Other Financial Industry Activities and Affiliations .....	13
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	14
Item 12 – Brokerage Practices .....	15
Item 13 – Review of Accounts .....	17
Item 14 – Client Referrals and Other Compensation .....	17
Item 15 – Custody .....	17
Item 16 – Investment Discretion .....	18
Item 17 – Voting Client Securities .....	18
Item 18 – Financial Information .....	18
Customer Privacy Policy Notice .....	19

## Item 4 – Advisory Business

Blacksheep Investment Advisor, LLC doing business under the name Blacksheep Advisor is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Utah.

- Curtis Lamb is the sole owner and Managing Member of Blacksheep Advisor. He serves as the firm’s investment adviser representative and Chief Compliance Officer (CCO).
- Blacksheep Advisor has been in business since September 2020 when it filed its initial application for registration as an investment adviser.

### **Description of Advisory Services**

Blacksheep Advisor offers investment management services by providing you continuous and ongoing supervision over your specified accounts. Our services are provided through an interactive website using computer-based models and applications to collect your information and provide investment advice. We provide an on-going, discretionary auto-trading service over your specified accounts.

You must appoint our firm as your investment adviser of record on specified, separate brokerage accounts held under your name by Apex Clearing Corporation (“Apex”) which serves as qualified custodian and broker/dealer, member FINRA/SIPC. As qualified custodian, Apex, maintains physical custody of all funds and securities of the accounts, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the accounts. Please see Item 12 – *Brokerage Practices* for more information regarding Apex.

To determine your financial situation (goals) and investment objectives, we will need to obtain certain information from you through our interactive website. The personal investment advice we provide is based on goals you have for your money, how much time to your goal, and how much volatility you are willing to accept to achieve that goal. When you become a client of Blacksheep Advisor you will be walked through a process that will ask you to provide answers to questions to help identify the most appropriate investment portfolio. You will be responsible for providing any changes to your financial goals, risk tolerance, or investment objectives as they arise in the course of our investment management. When your financial goals or investment objectives change you should retake the investment questionnaire you took initially when becoming a client of Blacksheep Advisor. Additionally, each year we will invite you to retake the questionnaire via our interactive website, and specifically on your personal, client portal, to make sure that your financial goals, risk tolerance, and investment objectives are in line with the way your portfolio is being managed. We are reasonably available to consult with you through our interactive website, via email or possible online chat, relative to the status of your accounts, or to direct you to where to find answers to your questions. The only restrictions you are able to impose on the management of your accounts would be the result of the onboarding questionnaire. Changes to client portfolios must be determined by the underlying algorithm we are using.

It is important you understand that we manage investments for other clients and can give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts can arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other

accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

#### Administrative and Platform Services Provided by RobustWealth

We have contracted with and pay FusionIQ (<https://fusioniq.io>) and its affiliated company, IQvestment, LLC, to utilize their digital advisory, technology platforms. Blacksheep Advisor is not an affiliated company of FusionIQ or IQvestment (collectively referred to as FusionIQ in this section). IQvestment is an SEC-registered investment adviser that works with investment advisory firms, like Blacksheep Advisor, to develop, customize, and implement web based, interactive investment advisory services.

FusionIQ supports our firm by providing a customized client portal with ongoing administration, risk questionnaire, portfolio implementation and rebalancing.

FusionIQ's digital platform provides ongoing rebalancing of portfolios through a proprietary algorithm. Once the client has gone through the investment questionnaire to determine the appropriate portfolio the algorithm will rebalance according to the parameters of the model created by Blacksheep Advisor and assigned to the client. When clients deposit money, take money out of the account, or when the portfolio moves out of line from its goals the algorithm will automatically generate trades to rebalance the portfolio back to within its parameters.

Blacksheep Advisor believes it is important to make mention of several things regarding the FusionIQ trading algorithm:

- The algorithm relies on back-tested information, and, thus, may not operate as expected or intended when events having few or no historical antecedents occur;
- The algorithm is based on a number of assumptions, including, but not limited to:
  - Expected asset return can be derived by statistical inference;
  - Correlations exist between different assets;
  - Commissions and potential tax implications detracts the overall value to be harvested from rebalancing;
  - Tolerance bands at asset classes and individual security level are placed to limit portfolio turnover;
  - Potential tax implications take priority and place constraints on the rebalancer;
  - The current price is the daily close price for any open-end mutual fund and intra-day delayed prices of securities trading on the U.S. exchanges;
  - ETFs traded in client's accounts will generally be executed as limit orders set by FusionIQ; and
  - Bid/ask spreads and /or slippage costs for rebalancing are not reflected in the algorithm; however, these implicit costs may occur during actual trading for client's accounts.
- When there is potential tax implication the rebalancer attempts to reduce the drift across available asset classes/securities in the model portfolio. To remove such potential tax constraints, Blacksheep Advisor can provide instructions in the form of appropriate holding status settings or reach out to FusionIQ for further guidance.
- Limitations of the algorithm include the following without limitation:
  - Imperfect estimation of the market turning point; and

- Expected return and expected correlation among different assets may significantly deviate from real market conditions due to unexpected events or investor panic;
- Without rebalancing, the portfolio generated by the algorithm will not stay optimized over time;
- The algorithm used to manage accounts might rebalance accounts without regard to market conditions or on a more frequent basis than Blacksheep Advisor, or the end client might expect and the algorithm may not address prolonged changes in market conditions.
- FusionIQ, in its sole discretion, as creator of the algorithm, may override an algorithm in the event of instances where the algorithm is not performing as expected or an error is discovered in a file used by the algorithm. In addition, the volatile or stressed market conditions or market halts, in response to certain types of operational or technological errors, and under other circumstances that FusionIQ determines may negatively affect client accounts, FusionIQ may override the algorithms, including electing to not trade during periods of market volatility. This can include liquidating securities in stressed market conditions, and this may cause tax implications;
- Absent technical issues, there is no human involvement in the oversight and management of individual accounts; however, upon requests for Blacksheep Advisor FusionIQ can override certain trades provided it has advance notice of such requests;
- A risk tolerance questionnaire is available through Blacksheep Advisor through the FusionIQ provided client portal and will be used as the basis for RobustWealth's trading algorithm. Blacksheep Advisor, at its discretion, can modify FusionIQ's standard risk tolerance questionnaire on the platform and customize the risk level in the regard; and
- If and when the client of Blacksheep Advisor has a material change to his/her/its financial situation the client should notify Blacksheep Advisor through its interactive website, or simply access the client portal and retake the investment questionnaire.

FusionIQ will also provide other functions related to the administrative tasks of managing client accounts. Due to this arrangement, FusionIQ will have access to Blacksheep Advisor client accounts, but FusionIQ will not serve as your investment advisor. The fees you pay to FusionIQ are for their administrative and platform services. Please refer to Item 5 – *Fees and Compensation* for details about the fees charged by our firm along with the fees and expenses you will incur from third-parties including FusionIQ.

### **Tailor Advisory Services to Individual Needs of Clients**

Your account(s) is managed by us based on your financial situation (goals), investment objectives and risk tolerance. We actively monitor your account(s) and provide discretionary management services by buying, selling, reinvesting and holding securities investments of the account(s).

We primarily use mutual funds and Exchange Traded Funds (ETFs) in managed accounts but may on occasion use individual stocks.

We work with you using questionnaires and other data-gathering methods through our interactive website to determine your investment objectives and suitability information. We will not enter into an investment adviser relationship with a prospective client whose investment objectives are considered incompatible

with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

We will manage your account(s) in accordance with one or more investment models that we have developed internally. By managing accounts using models, investment selections are based on the underlying model and we do not develop customized (i.e. individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on your individual investment goals, objectives and mandates

Please see Item 8 - *Methods of Analysis, Investment Strategies and Risk of Loss* for a description of the types of investments we provide advice on and strategies we use.

#### **Client Assets Managed by Blacksheep Advisor**

Blacksheep Investment Advisor, LLC has \$11,148 in client assets under management to report as March 16, 2021. The entire amount is managed on a discretionary basis.

### **Item 5 – Fees and Compensation**

We charge a fixed monthly fee of \$4.00, per account, for our web-based, investment management services. If you establish an Automated Investment Plan, we charge \$2.00 per month on each account. Our Automated Investment Plan provides for the ability to automatically deposit a pre-determined dollar amount to your account every month. The fixed monthly fee will be waived on all accounts for the first 6 months. We do not negotiate fees with clients.

Blacksheep Advisor believes that its fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, we do not guarantee that our fees are the lowest and they may be higher (depending on the account value) than fees charged by other investment advisers offering similar services/programs.

#### **How Fees are Collected**

Our investment advisory fees will be debited from a bank account you select that is linked to our program. We use a service called AdvicePay (<https://advicepay.com/>) to collect advisory fees. Upon successful completions of the client onboarding process, you will be sent a separate email with directions on how to set up a link to pay for our monthly services. Fees will start the first full month following successful account opening, full funding of the account, and when the investment model has been determined and assigned. You will incur processing fees charged by AdvicePay.

#### **Other Fees and Expenses**

Brokerage expenses and fees charged by Apex are billed directly to your account by Apex. Blacksheep Advisor does not receive any portion of such expenses or fees from you or Apex. In addition, you will incur certain charges imposed by third parties other than Blacksheep Advisor in connection with investments made through your account including, but not limited to surrender charges, internal mutual fund expenses, IRA and qualified retirement plan fees and charges imposed by Apex. Management fees charged by Blacksheep Advisor are separate and distinct from the fees and expenses charged by mutual funds that are held in your account. A description of these fees and expenses are available in each mutual fund prospectus. We do not receive any portion of such fees or expenses.

We do **not** accept or receive compensation based on the sale of securities or other investment products such as asset-based sales charges or service fees from the sale of mutual funds, or as a placement agent for any type of securities.

You will also incur service-provider fees and expenses charged by FusionIQ and AdvicePay. Blacksheep Advisor is not affiliated with either FusionIQ or AdvicePay but has selected them as service providers based on our internal due diligence criteria. We do not receive or share in any fees or expenses charged by FusionIQ and AdvicePay nor will we receive or share in any fees charged by any other service provider we recommend or require for our program now or in the future.

#### Termination

Investment management services continue until terminated by either party (i.e., Blacksheep Advisor or you) by giving thirty (30) days written notice to the other party and payment of the final month's investment advisory fee(s). Because Blacksheep Advisor charges fees at the first of each month, there will be no additional fees should you terminate in the middle of the month. If you transfer your accounts to another custodian Apex will charge a fee to deliver the assets of certain account registration types. We will not receive any portion of the transfer fee assessed by Apex.

There will be no termination fee; however, client accounts may be subject to a modest cost of reimbursement of fees related to transferring client's account. Such fees would be charged by Apex and Blacksheep Advisor will not receive any portion of such fee.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

### **Item 7 – Types of Clients**

Blacksheep Advisor provides web based investment management services to natural person, individual clients and their family accounts.

#### **Minimum Investment Amounts Required and Other Conditions**

Blacksheep Advisor requires a minimum investment amount of \$500 per account. If you setup an Automated Investment Plan, the minimum investment amount is \$250 per account.

You are required to execute a written agreement with Blacksheep Advisor specifying the particular advisory services in order to establish a client arrangement with Blacksheep Advisor.

Investors evaluating our web-based investment management service should be aware that our relationship with clients is different from the "traditional" investment advisor relationship in several aspects:

1. We are a software based investment advisor which means each client must acknowledge his or her ability and willingness to conduct his or her relationship with Blacksheep Advisor on an electronic basis. Under the terms of our agreement, each client agrees to receive all account information and account documents (including this Brochure), and any updates or changes to same, through their access to our website and Blacksheep Advisor's electronic communications. Unless noted otherwise on the website or within this Brochure, Blacksheep Advisor's advisory service, the signature for our client agreement, and



all documentation related to the advisory services are managed electronically. Blacksheep Advisor does make individual representatives available to discuss servicing matters with clients (via email or live online chat).

2. To provide advisory services and tailor investment decisions to each client's specific needs, we collect information from each client, including specific information about their investing profile such as financial situation (goals), investment experience and investment objectives, and time to invest. Blacksheep Advisor maintains this information in strict confidence subject to our Privacy Policy. When customizing our investment solutions, we rely upon the information received from a client. Although Blacksheep Advisor contacts its clients periodically (as previously described in Item 4 – *Advisory Business* and described further in Item 13 – *Review of Accounts* below), a client must promptly notify Blacksheep Advisor of any change in her financial situation or investment objectives that might require a review or revision of her portfolio. Blacksheep Advisor recommends that anytime there is a change to one or more of these items that they retake the investment questionnaire via their online client portal.

3. Our software based financial advisor service includes preselected Exchange Traded Funds (ETFs) and mutual funds for each asset class within the plan recommended to a client. Blacksheep Advisor does not allow clients to select their own investments because each fund and asset class is considered to be part of the overall investment plan. Therefore, our service is not a suitable fit for investors with overly restrictive investment restrictions or have a desire to be actively involved in investment selection and may not be permitted to become clients.

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

### **Methods of Analysis**

Blacksheep Advisor uses the following methods of analysis in formulating investment advice:

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Charting – This set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Cyclical – Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

### **Investment Strategies**

We will manage your account(s) in accordance with one or more investment models that we have developed internally. Our models are designed to generate target asset allocation models to accommodate strategic asset allocation and active implementation. The composition of each target asset allocation model will vary based upon the specific goals or retirement target date for the respective model.

The strategic asset allocation models are used in the creation of the target date models at each target date point that considers risk and reward. Strategic asset allocation views are applied to the following asset classes.

We have developed asset allocation models using large cap, mid cap, small cap, international developed, and emerging markets for the equity side. On the bond side of the portfolio we primarily use a combination of corporate and government issues with maturities ranging from short to long-term bonds. International bonds may also appear in some of the bond funds that are held in our portfolios, and we may add a specific international bond should we deem appropriate.

Blacksheep Advisor primarily implements investment strategies focusing on long-term purchases (investments held for at least one year) but depending on circumstances in the overall investment market we will implement short-term purchases (investments sold within one year). More specifically, the firm uses the following investment strategies when building our strategic asset allocation models to be used in managing client investment accounts.

- **Strategic Asset Allocation.** This type of strategy calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.
- **Tactical Allocation.** We generally define tactical allocation as adjusting asset class weightings, sectors, value and growth, or other sub asset classes to take into consideration market outlook or economic events. Tactical allocation allows for over or underweighting areas of the market. Tactical allocation may also allow for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

The risk associated with any type of long-term investing is that we do not actively change our positions when there are short-term periods of fluctuation and volatility. This is because we strive to select investments based on anticipated results for longer periods rather than short-term swings in the market. Because we do not implement an “active” trading strategy and do not manage accounts for short-term benefits, our managed accounts may not take advantage of short-term price fluctuations compared to a market-timer or short-swing investor.

### **Primarily Recommend Mutual Funds and Exchange Traded Fund (ETFs)**

We primarily hold Exchange Traded Funds (ETFs) and mutual funds in client portfolios. 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. We will have access to commission free ETFs, as well as other ETF and mutual fund portfolios which may have transactions fees charged by our custodian, but not passed through to our firm.

Choices will revolve around no-load, no-transaction fee ETFs, as well as no load, with transaction fee mutual funds, and transaction fee ETFs, ranging from more conservative allocations, to more aggressive allocations, based on client responses to predetermined, qualifying questions.

We do not use leveraged or inverse ETFs.

Different mutual fund categories have different risk characteristics and investors should not compare different categories. For example, a bond fund and a stock fund that both have below average risk still have different risk/return potential (stock funds traditionally have higher risk/return potential). Risks are based on the investments held in the fund. For example, a bond fund faces interest rate risk and income risk and income is affected by the change in interest rates. A sector fund (investing in a single industry) is at risk that its price will decline due to industry developments. The following are some risks to consider when investing in mutual funds:

- *Call Risk:* A bond issuer may redeem high-yield bonds before maturity date due to falling interest rates.
- *Default Risk:* A bond issuer may fail to repay interest and principal.
- *Income Risk:* Dividends in a fixed income fund may decline due to falling interest rates.
- *Geology Risk:* Political events, natural disasters or financial problems may weaken a country or state's economy and cause investments to decline.
- *Industry Risk:* Stocks in a single industry may decline due to developments in that industry.
- *Inflation Risk:* Increases in the cost of living can reduce or eliminate a fund's actual returns when adjusted for inflation.
- *Manager Risk:* A manager may not execute the fund's investment strategy in a timely or effective manner.

Although we primarily use mutual funds and ETFs, we will on a limited basis hold equity (i.e. stocks) and fixed income (i.e. bonds) positions when deemed appropriate based on our internal investment analysis.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Additionally, there are certain risks associated with utilizing automated investment tools like the one offered by Blacksheep Advisor, through FusionIQ

- Our investment tool is programmed to use certain economic assumptions that may not be updated in a timely manner or shifts in the market.
- The output of the automated investment tool depends upon the accuracy of the information inputted into the tool.
- There may be certain factors or variables which have not been included in the automated investment tool. To the extent some questions are over-generalized, ambiguous or designed to fit a pre-determined option, the output may not be right for all investor's needs or goals.
- By only using the automated investment service, investors could lose out on the value of human judgment and oversight. Investors may lose out on these qualities when interacting with only a computer program.

### **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Blacksheep Advisor is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, 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), a futures commission merchant, commodity pool operator, or commodity trading advisor, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

Blacksheep Advisor and Curtis Lamb do not have an application pending to register as a broker/dealer or a registered representative of a broker/dealer.

Blacksheep Advisor and Curtis Lamb do not have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Blacksheep Advisor does not recommend or select other investment advisers for clients.

### **Narus Financial Partners, LLC**

Curtis Lamb is also an investment advisor representative and Member with Narus Financial Partners, LLC, an SEC-registered investment advisor providing direct investment advice and management services to clients. Mr. Lamb generally spends more of his time on Narus Financial Partners functions (75% of time) than he does on his Blacksheep Advisor responsibilities (25% of time).

We share personnel, office space and resources (i.e. telephone, office supplies, computer) with Narus Financial Partners. However, Narus Financial Partners and Blacksheep do not share clients, but instead service different types of clientele. Narus Financial Partners is a more-traditional retail investment advisory firm working with clients on a one-on-one, personal basis whereas Looking for complicated investment portfolios, robust financial planning, and regular personal contact. Blacksheep Advisor provides investment management services over the internet to clients seeking a lower-cost alternative to traditional, retail investment advisory platforms.

Mr. Lamb's activities with Narus Financial Partners create a conflict of interest. The conflict of interest is that Mr. Lamb is spending time working with Narus Financial Partners clients which takes away from his time working with Blacksheep Advisor. The firm addresses this conflict by disclosing to clients (in this brochure) that Mr. Lamb is affiliated with Narus Financial Partners. Clients are never obligated or required to use the services of Blacksheep Advisor and can use any investment adviser they choose.

### **UMA Financial Services**

Curtis Lamb serves on the board of UMA Financial Services based in Salt Lake City UT. UMA Financial is a non-profit organization providing financial service to medical professionals. As a member of the board Mr. Lamb's attends quarterly board meetings wherein his role is to help oversee the activities of the CEO. Mr. Lamb will also provide thoughts and opinions to the CEO and the board to help ensure the company is fulfilling its responsibilities to its members. Mr. Lamb does **not** recommend securities and has no involvement in building portfolios or speaking with or advising clients. Mr. Lamb does **not** perform any duties of an investment advisor representative to UMA Financial Services. Mr. Lamb spends approximately 1% of his time in his board member capacity.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

This section is intended to provide a summary description of our written Code of Ethics. According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Blacksheep Advisor has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Blacksheep Advisor requires its supervised persons to consistently act in your best interest in all advisory activities. Blacksheep Advisor imposes certain requirements on its affiliates and supervised persons to ensure that

they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

**If you wish to review the Code of Ethics in its entirety, you should send us a written request through our interactive website and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.**

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

Blacksheep Advisor and its supervised persons do not recommend to clients, and therefore do not buy or sell for client accounts, securities in which we have a material financial interest. An example of a material financial interest would be if we were to form our own ETF or mutual fund and then purchase shares of that ETF or mutual fund for our client accounts.

However, supervised persons of the firm can buy and sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of Blacksheep Advisor that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments.

It is our policy to ensure all client accounts are traded concurrent with or after making changes to our personal accounts. Therefore, we do not buy or sell securities for our personal accounts before buying or selling securities for our client accounts.

As is required by our internal procedures manual, Blacksheep Advisor and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to follow applicable state and federal rules and regulations. To mitigate conflicts of interest that can occur when access persons manage their personal accounts at the same time Blacksheep Advisor manages client accounts, we have developed written supervisory procedures that include personal investment and trading policies for our supervised persons.

#### **Item 12 – Brokerage Practices**

Blacksheep Advisor requires that you establish brokerage accounts with Apex Clearing Corporation ("Apex"), member FINRA/SIPC, through their institutional platform. Apex is an independent and unaffiliated (i.e. we are independently owned and operated and not affiliated with Apex) SEC-registered broker-dealer and is utilized by Blacksheep Advisor to maintain custody of clients' assets and to effect trades for their accounts.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations.

The primary factor in selecting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not only mean lowest price and it is therefore not the sole consideration. The trading process of any broker/dealer suggested by Blacksheep Advisor must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

Apex provides us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian. Apex does not charge separately for custody but is compensated by account holders through service fees and expenses.

Apex-provided benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors and the ability to purchase fractional shares of ETF's and individual equities.

Apex also makes available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. Blacksheep Advisor is also providing other services intended to help our firm manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

### **Directed Brokerage**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, Blacksheep Advisor may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, Blacksheep Advisor has decided to require our clients to use broker/dealers and other qualified custodians determined by Blacksheep Advisor.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Blacksheep Advisor believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Blacksheep Advisor uses the average price method for transaction allocation. Under this procedure, transactions will be averaged as to price and will be allocated among the firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Blacksheep



Advisor or our supervised persons may invest, we will do so in accordance with the parameters previously explained and our supervised persons' personal accounts will not receive favorable or special treatment. Neither we nor our supervised persons receive any additional compensation as a result of block trades.

### **Item 13 – Review of Accounts**

#### **Account Reviews and Reviewers**

Managed accounts are reviewed daily by algorithms built into software to identify trades for investing cash, generating cash and rebalancing accounts.

Blacksheep Advisor's software based investment advisor service assumes that a portfolio will not stay optimized over time and must be periodically rebalanced back to its original targets to maintain the intended risk level and asset allocations. Blacksheep Advisor reviews each client's account when it is opened, and continuously monitors and periodically rebalances each client's portfolio to seek to maintain a client's targeted risk tolerance and optimal return for the client's risk level. Blacksheep Advisor also conducts reviews when material changes may have occurred to a client's portfolio or investment objectives.

On an annual basis, Blacksheep Advisor contacts each client to remind them to review and update the profile information they previously provided. These notifications and confirmations include a link to the client's current information and contact information.

Curtis Lamb, our Managing Member and Investment Adviser Representative, is responsible for developing investment models, determining appropriate rebalancing procedures and leading all reviews.

#### **Statements and Reports**

You are provided with transaction confirmation notices and regular quarterly account statements directly from Apex.

Performance information is available through our interactive website (your personal client portal), but we do not mail or otherwise deliver performance or position reports to you. Therefore, you must login to view and access any reports we make available to you. Blacksheep Advisor provides all clients with continuous access via the website to real-time reporting information about account status, securities positions and balances. Clients may also receive periodic communications describing portfolio performance, Account information, and product features. You are encouraged to always compare any reports or statements provided by us against the account statements delivered from Apex. When you have questions about your account statement, you should contact us and Apex.

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

We do not compensate anyone for client referrals. In other words, we do not pay a fee to anyone for referring clients to Blacksheep Advisor.

Other than the receipt of investment management fees detailed in Item 5 – *Fees and Compensation* of this brochure, Blacksheep Advisor receives no other compensation in connection with our web-based, investment management services.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds

and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. Blacksheep Advisor does not have custody of client funds and securities.

We have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Blacksheep Advisor. When clients have questions about their account statements, they should contact Blacksheep Advisor or the qualified custodian preparing the statement.

#### **Item 16 – Investment Discretion**

Our services are provided strictly on a **discretionary** basis which means we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. You must grant us with discretionary trading authority in the client agreement you execute through our interactive website.

#### **Item 17 – Voting Client Securities**

Blacksheep Advisor does not vote proxies on behalf of clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and decide based on the information provided.

#### **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. Blacksheep Advisor does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Blacksheep Advisor has not been the subject of a bankruptcy petition at any time.

## Customer Privacy Policy Notice

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Blacksheep Advisor does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

**Commitment to Your Private Information.** Blacksheep Advisor is committed to safeguarding the confidential information of its clients. Blacksheep Advisor holds all personal information provided by clients in the strictest confidence and it is the objective of the firm to protect the privacy of all clients. Except as permitted or required by law, the firm does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, the firm will provide clients with written notice and clients will be provided an opportunity to direct Blacksheep Advisor as to whether such disclosure is permissible.

**Why We Collect and How We Use Information.** To conduct regular business, Blacksheep Advisor will collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to the firm
- Information about the client's transactions implemented by the firm or others
- Information developed as part of analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for Blacksheep Advisor to provide access to customer information within the firm and to nonaffiliated companies, with whom the firm has entered into agreements with. To provide the utmost service, the firm may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on the firm's behalf.

- Information Blacksheep Advisor receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with the firm or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Blacksheep Advisor

**Sharing Information with Other Companies Permitted Under Law.** Since Blacksheep Advisor shares nonpublic information solely to service client accounts, the firm does not disclose any nonpublic personal information about the firm's customers or former customers to anyone, except as permitted by law. However, the firm may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that the firm has a change to its customer privacy policy that would allow it to disclose nonpublic information not covered under applicable law, the firm will allow its clients the opportunity to opt out of such disclosure.

**Former Customers.** Even if we cease to provide you with financial products or services, our Privacy Policy will continue to apply to you and we will continue to treat your nonpublic information with strict confidentiality.