



**Form ADV Part 2A Appendix 1:**  
*Freedom Advisors Wrap Fee Program Brochure*

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This Wrap Fee Program brochure provides information about the qualifications and business practices of EQIS Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 949-9936 or [support@eqis.com](mailto:support@eqis.com). 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 EQIS Capital Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by entering our unique identifying number, known as a CRD number. EQIS Capital Management, Inc.'s CRD number is 126052.

Registration with the SEC or any state securities authority does not imply a certain level of skill or training.



## **Material Changes**

This version of the Freedom Advisors Wrap Fee Program Brochure (“Brochure”) dated March 31, 2022, is our annual amendment document and summarizes material changes since the initial Brochure filing dated July 19, 2021. This Brochure replaces the firm’s prior Brochure as of the effective date noted on the cover page. The Brochure contains information regarding our business practices, fees, and other relevant information that could affect a Client’s account with us. The “Services, Fees and Compensation” section has been changed to reflect that unaffiliated cash (as defined further in this section) and non-managed holdings will not be included in the calculation of the EQIS Platform Fee. In addition, unaffiliated cash will not be included in the calculation of the Advisory Fee. Clarifying language has also been provided to this section with regards to Investment Management Fees.

We will provide an updated version of this Brochure any time there are material changes or upon a Client request, at any time, without charge. To request a complete copy of this Brochure, please contact us at 800-949-9936 or by email at [support@eqis.com](mailto:support@eqis.com).



## **Table of Contents**

Material Changes	2
Table of Contents	3
Services, Fees and Compensation	4
Account Requirements and Types of Clients	8
Portfolio Manager Selection and Evaluation	9
Client Information Provided to Portfolio Managers	13
Client Contact with Portfolio Managers	13
Additional Information	13



## **Services, Fees and Compensation**

Since 2003, EQIS Capital Management, Inc. ("EQIS") has been providing a turnkey asset management platform (the "EQIS Platform") to an exclusive group of unaffiliated registered investment advisory firms ("Financial Advisory Firms") to introduce clients ("Clients") to EQIS through their associated financial advisors ("Financial Advisors"). As of December 31, 2021, EQIS had \$1.8 billion in assets under management.

The EQIS Platform includes two program types, the Unified Managed Account Models ("UMA Models") and fund models ("Fund Models"), (collectively "Programs"). Within either UMA Models or Fund Models, Financial Advisors can utilize institutional investment portfolio models ("Institutional Models"). A Financial Advisor may also utilize the tools to design and build their own investment portfolio models ("Advisor Models"). The Institutional Models consist of a range of professionally managed models sponsored and built by a variety of institutional model providers (including EQIS) and are monitored by EQIS, each, a third-party sub-adviser ("Sub-Adviser"). For the creation of Advisor Models, Financial Advisors have access to the same menu of models, investment strategies, funds, and securities as are available in the Institutional Models. Some Financial Advisors outsource, some build their own models, and some do both.

With the EQIS Platform, the Financial Advisor serves as the liaison between EQIS and the Client. The Client's investment objective, investment time horizon, risk tolerance, and any restrictions will be identified by the Financial Advisor in consultation with the Client, which may include using the results of one or more investor profiling tools, one of which is available in the EQIS Platform and can be completed as part of creating the required investment plan to include investment recommendations, investment policy, and fees, at a minimum, and to be signed by the Client and Financial Advisor ("Investment Plan"). The Client's account ("Account") is invested in accordance with the instructions provided by the Financial Advisor through the creation of the written Investment Plan. The Client's risk tolerance may be identified by the Financial Advisor in consultation with the Client or by using the results of the Client's Risk Tolerance Questionnaire ("RTQ") which may be completed as part of the Investment Plan. Risk tolerance categorizes the Client's investment risk appetite into one of five risk categories ranging from conservative to aggressive. Other factors to be considered when generating an Investment Plan include the individual needs of the Client, the Client's income, age, net worth, and such other factors as may be applicable and provided by the Client or their Financial Advisor. The Financial Advisor must consult the Clients at least annually to confirm the appropriateness of the Investment Plan. The Financial Advisor is responsible for communicating to EQIS any changes to the Client's situation, profile, or Investment Plan.

EQIS manages each Account on a discretionary basis in accordance with the written Investment Plan created by the Financial Advisor and Client, and each Client grants EQIS discretionary authority to enter trades for the Account and to make changes to the target asset allocations, models, and other investment strategies, as may be appropriate for the Account. Additionally, a Client may provide their Financial Advisor limited power of attorney granting the Financial Advisor trading and/or disbursement authority, which would authorize EQIS to accept instructions directly from the Financial Advisor regarding trading or direct disbursements for the Account.

As part of the EQIS Platform offering, EQIS also provides related administrative services including, but not limited to, activity and document recordkeeping and storage, account opening, funds transfers, securities trading for portfolio construction and rebalancing, ongoing account administration in support of the Financial Advisor and Client, ongoing investment due diligence, portfolio performance reporting, and fee billing and collection not only for the EQIS Platform Fee, but also for the Financial Advisory Firm's Advisory Fee, applicable Investment Management Fees, and in certain cases ancillary fees charged by the Custodian.



Financial Advisors may provide additional or other services to their Clients which are not described in this Brochure. Clients should read and review the Financial Advisory Firm's investment advisory agreement and Form ADV Part 2A Brochure for information regarding services provided by the Financial Advisory Firm.

EQIS offers Financial Advisory Firms a range of fiduciary arrangements to choose from. EQIS can serve as the sole investment adviser ("Adviser"), share the investment adviser role with the Financial Advisory Firm ("Co-Adviser"), or serve solely in a Sub-Adviser role only for portfolio trading discretion to implement the instructions of the Financial Advisory Firm. In all three types of arrangements, EQIS serves in the capacity of investment manager; in all cases the Financial Advisory Firm must maintain an investment advisory relationship with the Client. In all three types of arrangements, EQIS relies on the Financial Advisory Firms and their associated Financial Advisors to know the Client, and to properly categorize the Client as to investment objective, investment time horizon, risk tolerance, investment restrictions, and any other relevant information, which the Financial Advisor will use to recommend or select the appropriate investment model(s).

EQIS will not have custody of any assets in the Account. Clients investing on the EQIS Platform establish for safekeeping an Account with one of the qualified custodians with which the EQIS Platform is integrated (the "Custodian"). The Custodian is not affiliated with EQIS and all assets are maintained in the Client's name. Clients will receive all custodial statements at least quarterly and trade confirmations directly from the Custodian and will receive monthly performance reports from EQIS. Clients will have access to Account information and reporting through the Custodian's website and will have access to Account information through the EQIS Platform. The Custodian is a broker-dealer and FINRA member and executes transactions, maintains custody of assets, and provides other brokerage, custodial, and recordkeeping services to Clients. In order to manage the Account, the Client grants to EQIS the authority to instruct the Custodian to take certain actions, including executing trades and other instructions as may be provided by Client, or the Financial Advisor if so authorized. A nominal amount of dispersion in performance results is expected between Accounts held at different Custodians due to differing trade executions.

When establishing an Account, EQIS provides all Clients an electronic document vault containing copies of performance statements, account opening documents and other statements and disclosures created by or provided to EQIS. Clients may consent to receive all notices, documents, and other information related to their Account electronically. Clients who do not consent to electronic delivery of documents may incur additional fees. Clients are advised to carefully compare the information provided by EQIS with the official records provided by the Custodian.

#### Fees and Compensation

EQIS charges each Client a monthly fee (the "EQIS Platform Fee") for use of the EQIS Platform. The EQIS Platform Fee is calculated as a percentage of the average daily balance of the Client's Account in the prior month and is paid monthly in arrears. All Account assets, except for unaffiliated cash and non-managed holdings, will be included in calculating the billable value of the Account for purposes of computing the EQIS Platform Fee. Unaffiliated cash is defined as cash held outside of a managed portfolio. Clients have the option to pay the EQIS Platform Fee and other fees as described below either on the account level or as determined in writing by the Client, Financial Advisor, and EQIS. The average daily balance of the Client's Account is calculated using the closing market value of the Account as calculated by the Custodian for the days in which the securities markets were open for the month. In the absence of a specific market value for any security, the



fair market value for that security will be used.

All Accounts invested in all Programs in a Client household are added together in calculating the tier thresholds for the Client's EQIS Platform Fee. For purposes of determining fees, a household typically includes all Clients that reside at the same primary residence. The EQIS Platform Fee is tiered whereby the greater the assets in a household the lower the fee as a percentage of assets. The EQIS Platform Fee tiering is based on the combined assets of the Client household and the Financial Advisor's custom fee schedule with EQIS; the fee is charged pro rata dependent on the percentage of the household assets within each EQIS Program. EQIS establishes a custom fee schedule for each Financial Advisor based on the fiduciary arrangement(s) employed, as described above, and the total assets under management on the EQIS Platform through the Financial Advisor. Accordingly, the EQIS Platform Fee ranges from 0.10% to 0.83% annually. For households over \$5,000,000 in assets the EQIS Platform Fee is negotiable. In a single limited case, EQIS entered into an arrangement with a Financial Advisory Firm pursuant to which EQIS increases the EQIS Platform Fee charged to Clients by 0.15% annually, all of which is then paid to the Financial Advisory Firm that has requested this fee. Therefore, the Financial Advisory Firm and its associated Financial Advisors may have a financial incentive to recommend the EQIS Platform over other programs or services. The specific EQIS Platform Fee charged to an Account is set forth in the Client's Investment Plan.

As part of the EQIS Platform offering, EQIS also performs the administrative service of calculating, billing, collecting, and paying the fees of other participants, including the Financial Advisory Firm's Advisory Fee, any applicable Investment Management Fees, and in certain cases the custodian fee. EQIS shares in none of these fees and only performs the administrative services described.

#### EQIS Platform Fee – UMA Models

Unified Managed Account Models ("UMA Models") provide the ultimate choice and flexibility with access all in one account to separate account managers, exchange traded funds and mutual funds, including the ability to combine them in a number of ways to fit client needs. This includes access to Institutional Models, as well as Advisor Models from the same menu of models, investment strategies, funds, and securities as are available in Institutional Models.

If a Client or their Financial Advisor selects the UMA Model and an Account invests only in Fund Models, the percentage charged for purposes of the Platform Fee is determined based on the UMA Model Platform Fee scale.

Client Household Assets at EQIS	Annual Platform Fee
<\$250,000	0.65-0.83%
Next \$250,000	0.50-0.75%
Next \$1,500,000	0.45-0.70%
Next \$3,000,000	0.35-.0.50%
>\$5,000,000	Negotiated



EQIS Platform Fee – Fund Models

Fund Models consist solely of pooled investment vehicles of exchange traded funds (“ETFs”) or mutual funds sponsored and built by a select group of institutional model providers (including EQIS) and monitored by EQIS (“Institutional Models”). Typically, a model is 100% ETFs or mutual funds but may combine ETFs and mutual funds. Multiple models may be combined in one account.

Client Household Assets at EQIS	Annual Platform Fee
<\$250,000	0.30-0.40%
Next \$250,000	0.28-0.38%
Next \$1,500,000	0.26-0.36%
Next \$3,000,000	0.24-0.34%
>\$5,000,000	Negotiated

Investment Management Fees:

Client shall pay various Investment Management Fees as outlined in written Investment Plans provided for each Account and requiring the Client's approval before implementation. There is typically an additional annual fee charged by Sub-Advisers that ranges from 0.10% to 0.50% of assets under management. EQIS does not charge an Investment Management Fee on EQIS Portfolios. The Investment Management Fees associated with the EQIS Models is the pro-rata aggregated fee of the underlying Sub-Advisers and are paid monthly in arrears. The actual Investment Management Fee charged may vary due to changes in the selected Model or Program, changes in the composition of strategies within a Model, and variations in the value of Account assets affiliated with each model due to normal market fluctuations. The Investment Management Fee is calculated by EQIS, EQIS instructs the Custodian to deduct the fee from the Client's Account and EQIS processes the payment of the fee to the applicable Sub-Adviser. Assets invested in professionally managed pooled vehicles such as exchange traded funds and mutual funds incur operating expenses within the funds, for which the Client is referred to the fund prospectus and/or other disclosure documentation regarding any internal fees or other charges.

Advisory Fee:

The Financial Advisory Firms charge Clients a separate fee (“Advisory Fee”) which is negotiated between the Client and the Financial Advisory Firm and deducted from the Client's Account. The Advisory Fee will not exceed 1.5% of the Account value per annum. All Account assets, except for unaffiliated cash, will be included by default in calculating the billable value of the Account for purposes of computing the Advisory Fee. The Financial Advisor may change the default Account assets that are applicable to the Advisory Fee with positive consent from the Client. Clients should review their Financial Advisory Firm's brochure and other disclosure documents for information regarding the fees charged. The Advisory Fee is calculated as a percentage of the average daily balance of the Client's Account and is paid monthly in arrears. The Advisory Fee is calculated by EQIS, EQIS instructs the Custodian to deduct the Advisory Fee from the Client's Account, and EQIS processes the payment of the Advisory Fee to the applicable Financial Advisory Firm.



**Other Fees and Expenses:**

In addition to the EQIS Platform Fee and the Advisory Fee, a Client may bear additional fees and expenses charged by the Custodian and expenses of any mutual funds, ETFs and ETPs in which the Client's Account is invested. Clients should review the prospectus and/or other disclosure documentation regarding any mutual funds, ETFs and ETPs in which their Account is invested for information regarding the internal fees or other charges which will be assessed against the Account or investment vehicle. The Custodian will charge ancillary fees for certain administrative services and for certain additional services (depending on the services the Client receives from the Custodian) including check writing fees, outgoing transfer fees, annual charges for qualified accounts, special trade charges, transaction fees assessed by any securities exchange or regulator, and transactional fees on certain securities not included in the EQIS Platform. Clients are advised to review the Custodian's fee schedule for additional fees applicable to the Account. Clients should review and understand their custodial agreement and statements provided by the Custodian and immediately notify their Financial Advisor or EQIS if a discrepancy is discovered.

The EQIS Platform may cost the Client more or less than purchasing the services separately. EQIS seeks to lower the aggregate cost by utilizing the collective purchasing power of all investors in the EQIS Platform to negotiate favorable access and financial terms for such services as investment management, portfolio accounting, administration, custody, and trading.

**Account Requirements and Types of Clients**

The EQIS Platform is offered exclusively through the Financial Advisors of Financial Advisory Firms, and as such EQIS accepts any type of Client for whom the Financial Advisor deems the EQIS Platform appropriate. This includes individual investors ranging from ultra-high net worth investors to the mass affluent, as well as trusts, retirement plans, institutions, and business accounts. The Programs are designed to manage Accounts based on the individual needs of the Client, as assessed by the Client's Financial Advisor and/or EQIS based upon the Client's risk tolerance, time horizon, and investment objective, or subsequent updates to the Client's information.

Information provided by Clients is critical for Financial Advisors and EQIS to determine an appropriate model for the Client. A Client's initial allocation is determined by information provided by the Client and the Client must inform the Financial Advisor, who in turn will inform EQIS, of any changes which occur in a Client's investment objectives, timeline, risk tolerance or liquidity which may affect the appropriateness of the model selected.

In order to achieve proper investment portfolio diversification, each model portfolio requires a minimum dollar investment, which varies based on the Program selected, the Sub-Advisers utilized in each model portfolio, underlying investment strategies offered by the Sub-Adviser, and whether the Custodian trades in whole or fractional shares. The Account minimum ranges from \$1,000 to \$250,000. This minimum may be negotiated or waived under certain circumstances. Participants of a retirement plan that makes the EQIS Platform available may establish an Account with a minimum as low as \$1.00 if permitted by the plan.

Clients can make subsequent contributions at any time, which will be held in cash until such time as there is a minimum investment to reallocate into the designated investment strategies within the Account, the amount of which varies by Program. Subsequent contributions may result in a deviation from target weights of the



investment strategy depending upon the dollar amount and time when such subsequent contributions are made.

A Client's participation in the Programs may be terminated at any time, by either Client or EQIS, for any reason upon receipt of written notice. Upon termination, unpaid fees and expenses for any unbilled portion of a month will be collected prior to disbursement of funds to the Client.

Under certain circumstances, a Client may choose to terminate their relationship with a Financial Advisory Firm or a specific Financial Advisor associated with the Financial Advisory Firm or the Financial Advisor may choose to no longer service a Client's Account. After EQIS receives notice of termination of the Financial Advisory Firm or the Financial Advisor, the Account will not be assessed the Advisory Fee unless the Financial Advisory Firm and Client agree to the appointment of another Financial Advisor for the Client's Account. However, the Account may be assessed the EQIS Platform Fee. Clients are required to establish a relationship with a new Financial Advisor to ensure continued supervision of the Account.

EQIS may serve in one or more capacities as a fiduciary pursuant to certain regulations issued pursuant to the Employee Retirement Income Securities Act ("ERISA") or the Internal Revenue Code of 1986 as well as rules and regulations as may be promulgated by the Department of Labor ("ERISA Accounts"). As such, EQIS is subject to certain duties and obligations which include among other things, the accurate and transparent disclosure of fees and Program expenses, restrictions concerning certain forms of compensation and other prohibited transactions. ERISA Accounts will typically not include assets that result in commissions or pay related 12b-1 fees. If for some reason an ERISA Account holds an asset that has such fees, the fees will be used to offset the EQIS Platform Fee. EQIS does not provide administrative or recordkeeping services to ERISA plans nor does it provide individualized investment advice to plan participants.

## **Portfolio Manager Selection and Evaluation**

EQIS supports hundreds of Financial Advisors who, on average, serve hundreds of investors. In order to meet the varied needs of so many different Financial Advisor practices and more than 10,000 different investors, it is necessary for the EQIS Platform to be flexible and accommodating, offering hundreds of investment strategies from a diverse offering of Sub-Advisers, including model providers, separate account managers, exchange traded funds and mutual funds with access to the global securities markets. EQIS seeks to address the investment needs of its Financial Advisors and their Clients, with a particular emphasis on diversified, longer-term investing. We support Clients segmenting certain assets to fund a relatively short-term capital need, but do not support active trading strategies.

All models and underlying investment strategies on the EQIS Platform fall into one of five risk tolerance categories: Conservative, Moderate-Conservative, Moderate, Moderate-Aggressive, and Aggressive.

Each Sub-Adviser has its own stated investment philosophy and strategy, and collectively the offering of models, underlying strategies, and risk profiles covers the range of approaches across global geography, market capitalization, investment styles, and investment vehicles.

The models offered on the EQIS Platform range from 100% individual equity securities managed by separate account managers to 100% exchange traded funds, to 100% mutual funds, to combinations of all these



strategies across the spectrum. Each Sub-Adviser, whether model provider, separate account manager, or pooled vehicle, is responsible for its own investment results.

The EQIS Investment Committee is responsible for conducting research and due diligence, approving and removing Sub-Advisers available for investment by the Accounts, and for general supervision and oversight of the Programs.

In selecting Sub-Advisers, EQIS conducts comprehensive due diligence, including on the Sub-Adviser's investment process, risk controls, organizational stability, operational rigor, strategy fit, and performance history. Sub-Advisers typically must have a minimum period of live performance history to be considered for inclusion. EQIS researches each Sub-Adviser's security analysis and portfolio construction methods to ensure the methods are consistent and appropriate for the applicable portfolios and asset classes. Depending on the underlying securities comprising a model or strategy, some Sub-Advisers may have minimum investment amounts or limitations on trades that can be executed.

In addition to sponsoring and administering the EQIS Platform Wrap Fee Program, EQIS acts as one of the portfolio managers, providing a series of holistic models across the risk spectrum ("EQIS Models") and sub-asset class strategies ("EQIS Portfolios"). EQIS does not charge an Investment Management Fee for providing EQIS Portfolios and EQIS Models, mitigating potential conflicts of interest and allowing EQIS to remain neutral in supporting Financial Advisors in their efforts to serve their Clients' best interests. EQIS does not participate in gains achieved in Client Accounts and as such it does not receive any performance-based fees. Additionally, EQIS does not engage in side-by-side management of proprietary accounts alongside Client Accounts.

See the *Fees and Compensation* section above for a discussion of fees charged to Clients.

#### EQIS Models:

The Investment Committee is responsible for the design and management of the EQIS Models. The EQIS UMA Models are comprised of multiple Sub-Advisers, including separate account managers, EQIS Portfolios, mutual funds, and ETFs and/or ETPs, diversified across multiple asset classes. The EQIS ETF Models are comprised of individual ETFs and/or ETPs and EQIS Portfolios comprised of ETFs. The EQIS Models are designed to offer a complete portfolio allocation with broad diversification and seek to provide long term risk-adjusted returns.

The Investment Committee selects the Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs for each asset class within the EQIS Models based on their individual strengths as well as the expected effect of combining the selected Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs. For example, EQIS may select an EQIS Portfolio in large cap equities to complement a high-volatility Sub- Adviser selected for mid-cap equities, or vice versa.

#### EQIS Portfolios:

The EQIS Portfolios cover the spectrum of sub-asset classes (domestic large-, mid-, and small-cap equities, international equities, domestic and international fixed income, etc.) to offer broad market exposure as well as more narrowly focused portfolios covering more specialized asset classes or tactical strategies (sectors,



regions, socially responsible, commodities, market neutral, etc.). EQIS Portfolios may be included in the EQIS Models offering to ensure there is a full suite of investment options available to represent a broad range of asset classes.

#### Changing or Replacing Sub-Advisers and Portfolios:

The Investment Committee conducts ongoing oversight over Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs included in the Programs and may add, remove, or replace Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and/or ETPs at any time in its discretion. The Investment Committee may determine that a Sub-Adviser, EQIS Portfolio, mutual fund, ETF or ETP is no longer appropriate to be included in the Programs. Sub-Advisers, EQIS Portfolios, mutual funds, ETFs and ETPs may be replaced for any of a variety of qualitative and quantitative reasons including, but not limited to, underperform relative to their benchmark, peers, asset class and/or equity style, a change in the investment style or processes employed by the Sub-Adviser or a change in key personnel. There may be occasions when the Investment Committee removes or replaces a Sub-Adviser, EQIS Portfolio, mutual fund, ETF or ETP from the EQIS Models in its overall management of the EQIS Models but retains the Sub-Adviser, EQIS Portfolio, mutual fund, ETF or ETP for use by Clients and Financial Advisors in the Advisor Models.

EQIS calculates daily Account returns based on the change from the prior day's Account value at the close of the prior trading day (generally following New York Stock Exchange trading hours) to the next day's closing Account value, accounting for deposits and withdrawals. EQIS further calculates monthly returns using the geometric series of daily returns for the days in which the securities markets were opened for the month.

For EQIS's use when evaluating the Sub-Advisers, among other potential uses, Sub-Advisers provide their performance data to EQIS, directly or indirectly via a data aggregation service. The Investment Committee further compares this performance data to the performance experienced by Clients to identify unexpected dispersion. The Investment Committee expects Accounts to experience a nominal degree of dispersion due to a variety of factors including Account size, trading minimums, cash flows, and exclusions. If the performance with respect to any month diverges by more than this nominal amount, the Investment Committee will initiate a discussion with the Sub-Adviser to understand the reason for the dispersion.

EQIS offers advisory services specifically related to the Programs. Individually tailored advice for a Client is generated based on the Client's Investment Plan, and other applicable factors as provided by the Client or their Financial Advisor. Clients can also place reasonable restrictions on the types of investments to be made through their Accounts, but such restrictions may be limited. Clients can choose to exclude individual securities and they may choose from EQIS's available sector exclusions.

#### Methods of Analysis, Investment Strategies and Risk of Loss:

When constructing the EQIS Models, EQIS utilizes long term capital market assumptions to create the spectrum of risk targeted portfolios along the efficient frontier. EQIS applies a mean variance and Black-Litterman model with its own forward-looking assumptions then selects strategies to fit the general asset allocation framework for each risk target.

When researching equities for EQIS Portfolios, EQIS utilizes several sources of financial information including third-party data and research providers, research materials and reports, corporate rating services, annual reports, prospectuses, SEC filings and company press releases. Securities are monitored and evaluated



relative to market and industry conditions.

When selecting mutual funds, ETFs and ETPs for the Programs, EQIS takes into consideration the following criteria: fund's investment objective, inception date, assets under management and performance history; the industry sector(s) in which the fund invests; the track record of the fund's manager; the fund's management style and philosophy; and the fund's management fee structure.

All investing involves risk, including the potential complete loss of principal. The following risks are associated with specific strategies and securities invested in through the Programs.

*Equities.* The price of any stock fluctuates every day it trades. The risks involved with equities vary based on a number of factors, including but not limited to company size or market capitalization (mid-, small-, and micro-cap equities generally carry more risk than large cap stocks), industry sector, or location (international investing involves special risks, which are heightened for emerging markets).

*Fixed Income.* The bond market can be volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually greater for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding such funds until maturity to avoid losses caused by price volatility is not possible.

*Alternative Strategies.* Alternative investment strategies may invest in assets other than stocks, bonds and cash (commodities, for example) or investments using strategies that go beyond traditional ways of investing, such as long/short or arbitrage strategies. Alternative investments present the opportunity for significant losses, including the possible loss of your total investment. Such strategies have the potential for heightened volatility and in general, are not suitable for all investors.

*Diversification and Asset Allocation.* Strategies that are intended to provide diversification or a complete asset allocation may not protect against market risk or loss of principal.

*Tactical Asset Allocation.* Generally, accounts managed through a tactical approach to asset allocation will trade more frequently than a strategic approach. Performance for accounts using a tactical approach may be more volatile and may underperform in some market cycles.

*Strategic Asset Allocation.* Accounts managed through a strategic approach generally trade less frequently. Performance for accounts using a strategic approach may be more volatile and may underperform in some market cycles.

*High Concentration.* Strategies that concentrate investments in a certain sector or are narrowly focused may be subject to greater risk than strategies that invest more broadly, as investments in that sector or focus may share common characteristics and may react similarly to market developments or other factors affecting their values.

*Mutual Funds, ETFs and ETPs.* Clients purchasing mutual funds, ETFs and ETPs should refer to the relevant prospectus for more information about the risks of investing in a particular fund or ETP, as well as applicable fees and expenses. Clients purchasing ETFs and ETPs should understand that the market price of ETFs and



ETPs may not correlate to the value of its underlying assets, and that ETFs and ETPs performance may not mirror the performance of its underlying index. Operating expenses and other costs are deducted daily from the value of these products and will lower the rate of return. See Services, Fees and Compensation for more information regarding fund expenses.

For an explanation of risks associated with other securities and/or strategies, please see the applicable Sub-Adviser's Form ADV Part 2 (available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) or applicable mutual fund, ETF or ETP prospectus and other documents.

Voting Client Securities:

As a matter of policy, EQIS does not accept authority to vote proxies on behalf of Clients. Therefore, in connection with all securities beneficially owned by a Client, the Client maintains exclusive responsibility for: (i) directing the manner in which proxies should be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other similar type events pertaining to the Client's holdings.

## **Client Information Provided to Portfolio Managers**

The Sub-Advisers make investment decisions based on the relevant strategy only, they do not make investment decisions specifically for a Client. The Sub-Advisers are not provided any information about the Clients and they do not have access to Account information.

## **Client Contact with Portfolio Managers**

EQIS may make members of its Investment Committee available to Clients to discuss their Accounts. Clients do not generally have access to Sub-Adviser personnel or the portfolio managers of the mutual funds, ETFs and ETPs in which they may invest. Clients may request meetings with Sub-Advisers through their Financial Advisors.

## **Additional Information**

Disciplinary Information:

Neither EQIS nor its management personnel have any disclosable disciplinary history.

Other Financial Industry Activities and Affiliations:

EQIS has contracted with GeoWealth Management LLC, an unaffiliated registered investment adviser ("GeoWealth"), to provide a technology platform and sub-advisory services which include trade execution and Sub-Adviser due diligence. EQIS receives no compensation from GeoWealth. EQIS compensates GeoWealth for its services. Robert P. Herrmann, Chief Executive Officer of EQIS, is a member of the board of directors of GeoWealth. This role presents a potential material conflict of interest with clients which is monitored to ensure that it does not impact the services or advice rendered by EQIS.

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



EQIS has adopted a Code of Ethics which sets forth the high standard of business conduct that it requires of its employees, including compliance with applicable federal securities laws.

The Code of Ethics includes policies and procedures for the periodic review of securities transactions and securities holdings that must be submitted by EQIS's access persons. Among other things, the Code of Ethics requires the prior approval of any purchase or sale of securities in a limited offering (e.g., private placement), participation in an initial public offering, or initial coin offering and incorporates provisions for oversight, enforcement, and recordkeeping.

The Code of Ethics also prohibits the use of material nonpublic information. While EQIS does not believe that it has a high risk of receipt of material nonpublic information, all employees are reminded that such material nonpublic information may not be used for any purposes and employees must report the receipt of any material nonpublic information to the Chief Compliance Officer immediately.

Clients and prospective clients may request a copy of the Code of Ethics by email sent to [support@eqis.com](mailto:support@eqis.com), or by calling (800) 949-9936.

#### Personal Trading:

EQIS and/or individuals associated with EQIS may have an interest or position in certain securities that also are recommended to, and held by, Clients. It is EQIS's express policy that employees conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of Clients, (ii) taking inappropriate advantage of their position with EQIS, and (iii) any actual or potential conflicts of interest with Clients.

EQIS permits its employees to engage in personal securities transactions, however, recommendations to Clients will not be impacted by such transactions and EQIS employees may buy or sell securities that have been recommended to Clients for their own personal accounts in a manner that is different to or inconsistent with recommendations to Clients.

Personal securities transactions, activities, and interests of EQIS's employees will not impact EQIS implementing recommendations for its Clients.

#### Review of Accounts:

Client Account allocations are reconciled with the Custodian's records on a daily basis. While the underlying securities within the Accounts are monitored, Accounts are rebalanced when the Investment Committee or the Client's Financial Advisor deems appropriate.

EQIS reviews Accounts at the Program level and considers factors relevant to the determination of whether or not the assets held by Accounts are consistent with the Clients' target allocation. More frequent reviews may be triggered by material changes in variables such as drift from the model weightings, the market, and political or economic environments.

The Financial Advisor will contact the Client on at least an annual basis to discuss information related to



## *Freedom Advisors Wrap Fee Program Brochure*

changes to the Client's financial circumstances or investment objectives. However, should there be any material change in the Client's personal and/or financial situation, the Client should notify their Financial Advisor immediately to determine whether any review and/or revision of the Client's investment profile is warranted.

Clients must notify EQIS promptly if they suspect there has been an error related to their Account. It is the Client's responsibility to seek immediate clarification about Account activity that is not clearly understood. All Client communications sent to the address of record or in the manner requested by the Client are presumed to have been delivered and received whether or not actually received.

### Client Referrals and Other Compensation:

EQIS currently maintains referral arrangements with a number of Financial Advisory Firms through which the Financial Advisory Firms' Advisors introduce Clients to the Programs. The Financial Advisory Firms negotiate a fee directly with their clients for such referral services, which is deducted from the Client's Account by the Custodian as directed by EQIS and paid by EQIS to the Financial Advisory Firm. Additionally, in connection with some of these arrangements, EQIS pays the Financial Advisory Firm a percentage of the EQIS Platform Fee that EQIS receives with respect to Clients referred by such Financial Advisory Firm. EQIS also pays certain Financial Advisory Firms a flat fee for administration, compliance, and joint marketing and advisor training efforts. Clients should be aware that to the extent that EQIS does pay a portion of its EQIS Platform Fee to a Financial Advisory Firm or a flat fee for support, these payments create a conflict of interest because the Financial Advisory Firm has an incentive to recommend the Programs to its clients over other programs or products for which the Financial Advisory Firm may not receive compensation from the adviser.

Some Financial Advisors and/or Financial Advisory Firms may own an equity interest in EQIS Holding, Inc., the parent company of EQIS. Although this equity interest does not impact the level of fees that Clients are charged to participate in the Programs, it does create a conflict of interest because these Financial Advisory Firms and Financial Advisors have an overall interest in the financial success of EQIS.

### Financial Information:

EQIS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.

EQIS is a private company with a diversified ownership group, none of which own greater than 25% of the company. EQIS has no registered investment adviser or broker-dealer subsidiaries or affiliates.